

5914-P
RECORDATION NO. _____ Filed & Recorded

APR 26 1971 -4 22 PM

INTERSTATE COMMERCE COMMISSION

EXECUTED IN 10 COUNTERPARTS OF
WHICH THIS IS COUNTERPART NO. 8

Amendment Agreement

Dated as of April 15, 1971

Among

IRVING TRUST COMPANY, Trustee

BANKERS TRUST COMPANY, Fiscal Agent

ILLINOIS CENTRAL RAILROAD COMPANY

and

PETEROCK CORPORATION

AMENDMENT AGREEMENT dated as of April 15, 1971, among IRVING TRUST COMPANY, a New York corporation, as trustee (hereinafter called the Trustee), BANKERS TRUST COMPANY, a New York corporation, as fiscal agent for the Trustee (hereinafter called the Fiscal Agent), PETEROCK CORPORATION, a New York corporation (hereinafter called the Company), and ILLINOIS CENTRAL RAILROAD COMPANY, an Illinois corporation (hereinafter called the Lessee).

WHEREAS the Trustee, the Fiscal Agent and the Company have heretofore entered into an Equipment Trust Agreement dated as of December 15, 1970 (hereinafter called the Interim Equipment Trust Agreement), filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on December 29, 1970, Recordation No. 5914; and

WHEREAS the Company and the Lessee have heretofore entered into a Lease of Equipment dated as of December 15, 1970 (hereinafter called the Interim Lease), filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on December

29, 1970, Recordation No. 5914-A; and

WHEREAS the Company and the Trustee have heretofore entered into a Collateral Assignment of Lease and Agreement dated as of December 15, 1970 (hereinafter called the Interim Assignment), accepted by the Trustee, the Interim Assignment being annexed to the Interim Lease; and

WHEREAS the Company and the Lessee have heretofore entered into an Equipment Purchase Agreement dated as of December 15, 1970 (hereinafter called the Interim Equipment Purchase Agreement); and

WHEREAS the parties hereto desire to cause the issuance of the Company's Equipment Trust Certificates, Series A and B, provided for in the Interim Equipment Trust Agreement, as amended by this Amendment Agreement; and

WHEREAS the Lessee desires to become a party to the Interim Equipment Trust Agreement, as amended by this Amendment Agreement, for the purpose, among others, of endorsing its guaranty on the aforesaid equipment trust certificates provided for therein:

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. The Interim Equipment Trust Agreement is hereby amended so as to read in its entirety as set forth in Exhibit A hereto, the Lessee hereby agreeing to become a party to the Interim Equipment Trust Agreement, as so amended, as of the date hereof with the same force and effect as if it had executed such document at the foot thereof.

2. The Interim Lease is hereby amended so as to read in its entirety as set forth in Annex B to Exhibit A hereto.

3. The Interim Assignment is hereby amended so as to read in its entirety as set forth in Annex C to Exhibit A hereto.

4. The Interim Equipment Purchase Agreement is hereby amended so as to read in its entirety as set forth in Annex D to Exhibit A hereto.


5. All of the foregoing amendments shall become effective immediately prior to the first issuance of the Company's Equipment Trust Certificates, Series A and B.

IN WITNESS WHEREOF, the parties hereto have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective

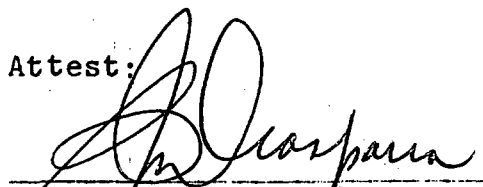
corporate seals, duly attested, to be hereunto affixed
as of the day and year first written.

IRVING TRUST COMPANY, as Trustee,

by



Vice President

Attest:

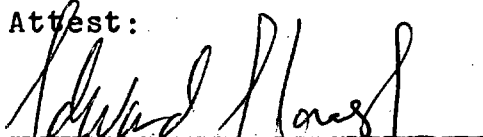

S. J. Diasparra
Assistant Secretary

PETEROCK CORPORATION,

by

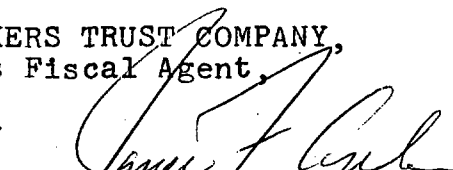

Vice President

Attest:

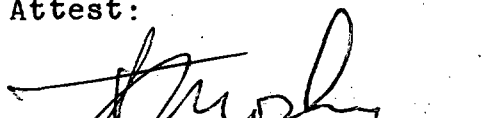

1857 Secretary

BANKERS TRUST COMPANY,
as Fiscal Agent,

by

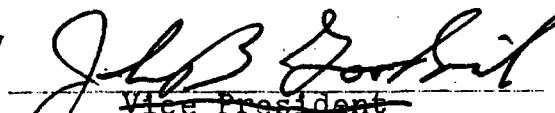

Vice President

Attest:


Assistant Secretary

ILLINOIS CENTRAL RAILROAD COMPANY,

by

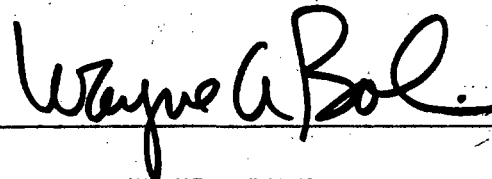

Vice President
TREASURER

Attest:


ASSISTANT Secretary

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this *22nd* day of April 1971, before me personally appeared E. J. McCabe, to me personally known, who, being by me duly sworn, says that he is a Vice President of IRVING TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



WAYNE A. BOLIN
Notary Public, State of New York
No. 43-5373515
Qualified in Richmond County
Certificate Filed with N. Y. Co. Clerk
Commission Expires March 30, 1972

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 23rd day of April 1971, before me personally appeared James F. Conlan, to me personally known, who, being by me duly sworn, says that he is a Vice President of BANKERS TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Steven F. Pugliese

STEVEN F. PUGLIESE
Notary Public, State of New York
No. 03-8453960
Qualified in Bronx County
Certificate filed in New York County
Commission Expires March 30, 1972

STATE OF NEW YORK,)
) ss.:
 COUNTY OF NEW YORK,)

On this 26th day of April 1971, before me
~~Raymond L. Golden~~
 personally appeared ~~LAYTON F. SMITH~~, to me personally
 known, who, being by me duly sworn, says that he is the Vice
 President of PETEROCK CORPORATION, that one of the seals
 affixed to the foregoing instrument is the corporate
 seal of said corporation, that said instrument was signed
 and sealed on behalf of said corporation by authority of
 its Board of Directors, and he acknowledged that the
 execution of the foregoing instrument was the free act and
 deed of said corporation.

Arnold Olena

ARNOLD OLENA
 Notary Public, State of New York
 No. 41-2953645
 Qualified in Queens County
 Commission Expires March 30, 1973

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 20th day of April 1971, before me personally appeared JOHN B. GOODRICH, to me personally known, who, being by me duly sworn, says that he is ~~the~~ ^{Treasurer} ~~Vice President~~ of ILLINOIS CENTRAL RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

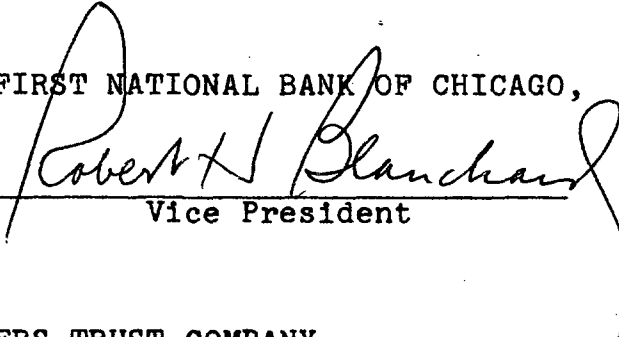
Daniel P. Higgins

My Commission Expires SEP 22 1973

The undersigned hereby consent to the execution
and delivery of the foregoing Amendment Agreement dated
as of April 15, 1971.

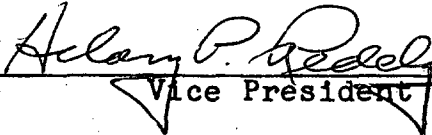
THE FIRST NATIONAL BANK OF CHICAGO,

by


Vice President

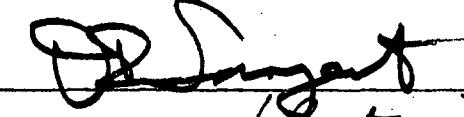
BANKERS TRUST COMPANY,
London, England,

by


Vice President

SALOMON BROTHERS,

by


(Partner)

PETEROCK CORPORATION

EQUIPMENT TRUST

EQUIPMENT TRUST AGREEMENT

among

**IRVING TRUST COMPANY, Trustee
BANKERS TRUST COMPANY, Fiscal Agent
ILLINOIS CENTRAL RAILROAD COMPANY**

and

PETEROCK CORPORATION

Dated as of December 15, 1970

EQUIPMENT TRUST AGREEMENT dated as of December 15, 1970, among IRVING TRUST COMPANY, a New York corporation, as trustee (hereinafter called the Trustee), BANKERS TRUST COMPANY, a New York corporation, as fiscal agent for the Trustee (hereinafter called the Fiscal Agent), PETEROCK CORPORATION, a New York corporation, having its principal place of business in the State of New York (hereinafter called the Company) and ILLINOIS CENTRAL RAILROAD COMPANY, an Illinois corporation (hereinafter called the Guarantor or the Lessee).

WHEREAS, the Company has agreed to sell, assign and transfer to the Trustee security title to the railroad equipment described in Annex A hereto subject to the provisions hereof; and

WHEREAS, such security title is to be vested in and is to be retained by the Trustee and leased to the Company hereunder until such security title is transferred to the Company under the provisions hereof; and

WHEREAS, the Company proposes to enter into a Lease of Equipment dated as of December 15, 1970, with the Lessee pursuant to which the Company will lease such railroad equipment to the Lessee, and such Lease of Equipment is to be assigned to the Trustee pursuant to the Assignment (as hereinafter defined); and

WHEREAS, Peterock Corporation Equipment Trust Certificates (hereinafter called the Trust Certificates), are to be issued and sold in an aggregate principal amount not exceeding \$5,600,000, of two series, namely, Trust Certificates, Series A in an aggregate principal amount not exceeding \$1,440,000, and Trust Certificates, Series B in an aggregate principal amount not exceeding \$4,160,000, and the proceeds of such sale are to be held in trust by the Trustee and are to constitute a fund to be known as PETEROCK CORPORATION EQUIPMENT TRUST to be applied by the Trustee as provided herein; and

WHEREAS, the text of the Trust Certificates and the guaranties to be endorsed on the Trust Certificates by the Company and the Guarantor are to be substantially in the following forms, respectively:

[FORM OF SERIES A TRUST CERTIFICATE]

\$.....

No.....

PETEROCK CORPORATION

7¾% EQUIPMENT TRUST CERTIFICATE, SERIES A
DUE 1976

Irving Trust Company, Trustee

Irving Trust Company, Trustee (hereinafter called the Trustee) under an Equipment Trust Agreement dated as of December 15, 1970 (hereinafter, as amended by an Amendment Agreement dated as of April 15, 1971 [hereinafter called the Amendment], called the Agreement), among the Trustee, Bankers Trust Company, as fiscal agent for the Trustee (hereinafter in such capacity called the Fiscal Agent), Illinois Central Railroad Company (hereinafter called the Guarantor) and Peterock Corporation, a New York corporation (hereinafter called the Company), certifies that

or registered
assigns is entitled to an interest of \$ in
Peterock Corporation Equipment Trust due and payable on or before January 15, 1976, in instalments as hereinafter provided, and to interest on the amount of unpaid principal from time to time due and owing pursuant to this Certificate due and payable semi-annually on January 15 and July 15 in each year commencing July 15, 1971, at the rate of 7¾% per annum from the date hereof until such principal amount becomes due and payable, with interest on any overdue principal and interest, to the extent legally enforceable, at the rate of 9¾% per annum. Payments of principal and interest shall be made to the

registered holder hereof at the office of the Fiscal Agent in The City of New York, Borough of Manhattan, in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. Each of such payments shall be made only from and out of rentals or other moneys received by the Fiscal Agent for the account of the Trustee and applicable to such payment under the provisions of the Agreement or under the provisions of a Collateral Assignment of Lease and Agreement dated as of December 15, 1970, between the Company and the Trustee, as amended by the Amendment. The principal amount of this Trust Certificate is due and payable in 10 semiannual instalments payable on January 15 and July 15 in each year commencing July 15, 1971, calculated as provided in the Agreement so that the aggregate of the principal and interest payable on each such date shall be substantially equal except as provided in the Agreement. Interest shall be computed hereunder on the basis of a 360-day year of twelve 30-day months.

This Certificate is one of an authorized issue of Trust Certificates, Series A, in an aggregate principal amount not exceeding \$1,440,000 and issued or to be issued under the Agreement, which also authorized the issuance of Trust Certificates, Series B, in an aggregate principal amount not exceeding \$4,160,000, under which certain railroad equipment and the above-mentioned Collateral Assignment of Lease and Agreement are held by the Trustee in trust for the equal and ratable benefit of the holders of the Trust Certificates issued thereunder. Reference is made to the Agreement and the Annexes thereto (a copy of which is on file with the Trustee at its said office) for a more complete statement of the terms and provisions thereof, to all of which the registered holder hereof, by accepting this Certificate, assents.

This Certificate is transferable in whole or in part upon the terms and conditions set forth in the Agreement by the registered holder hereof in person or by duly authorized attorney on the books of the Fiscal Agent upon surrender to the Fiscal Agent at the office of the Fiscal Agent in The City of New York, Borough of Manhattan, of this Certificate accompanied by a written instrument of transfer,

duly executed by the registered holder in person or by such attorney, in form satisfactory to the Fiscal Agent. The Trustee, the Fiscal Agent, the Guarantor and the Company may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Agreement) all instalments of principal and interest represented by this Certificate may become or be declared due and payable in the manner and with the effect provided in the Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by one of its Vice Presidents, by his signature or a facsimile thereof, and its corporate seal or a facsimile thereof to be hereunto affixed or hereon imprinted and to be attested by the manual signature of one of its Assistant Secretaries.

Dated as of

IRVING TRUST COMPANY,
Trustee,

[CORPORATE SEAL]

by
Vice President.

Attest:

.....
Assistant Secretary.

[FORM OF SERIES B TRUST CERTIFICATE]

\$.....

No.....

PETEROCK CORPORATION

8 $\frac{3}{8}$ % EQUIPMENT TRUST CERTIFICATE, SERIES B
DUE 1984

Irving Trust Company, Trustee

Irving Trust Company, Trustee (hereinafter called the Trustee) under an Equipment Trust Agreement dated as of December 15, 1970 (hereinafter, as amended by an Amendment Agreement dated as of April 15, 1971 [hereinafter called the Amendment], called the Agreement), among the Trustee, Bankers Trust Company, as fiscal agent for the Trustee (hereinafter in such capacity called the Fiscal Agent), Illinois Central Railroad Company, (hereinafter called the Guarantor), and Peterock Corporation, a New York corporation, (hereinafter called the Company), certifies that

or registered
assigns is entitled to an interest of \$ in
Peterock Corporation Equipment Trust, due and payable on or before January 15, 1984, in instalments as hereinafter provided, and to interest on the amount of unpaid principal from time to time due and owing pursuant to this Certificate due and payable semiannually on January 15 and July 15 in each year commencing July 15, 1971, at the rate of 8 $\frac{3}{8}$ % per annum from the date hereof until such principal amount becomes due and payable, with interest on any overdue principal and interest, to the extent legally enforceable, at the rate of 9 $\frac{3}{8}$ % per annum.

Payments of principal and interest shall be made to the registered holder hereof at the office of the Fiscal Agent in the City of New York, Borough of Manhattan, in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. Each of such payments shall be made only from and out of rentals or other moneys received by the Fiscal Agent for the account of the Trustee and applicable to such payment under the provisions of the Agreement or under the provisions of a Collateral Assignment of Lease and Agreement dated as of December 15, 1970, between the Company and the Trustee, as amended by the Amendment. The principal amount of this Trust Certificate is due and payable in 16 semiannual instalments payable on January 15 and July 15 in each year commencing July 15, 1976, calculated as provided in the Agreement so that the aggregate of the principal and interest payable on each such date shall be substantially equal except as provided in the Agreement. Interest shall be computed hereunder on the basis of a 360-day year of twelve 30-day months.

This Certificate is one of an authorized issue of Trust Certificates, Series B, in an aggregate principal amount not exceeding \$4,160,000, and issued or to be issued under the Agreement, which also authorized the issuance of Trust Certificates, Series A, in an aggregate principal amount not exceeding \$1,440,000, under which certain railroad equipment and the above-mentioned Collateral Assignment of Lease and Agreement are held by the Trustee in trust for the equal and ratable benefit of the holders of the Trust Certificates issued thereunder. Reference is made to the Agreement and the Annexes thereto (a copy of which is on file with the Trustee at its said office) for a more complete statement of the terms and provisions thereof, to all of which the registered holder hereof, by accepting this Certificate, assents.

This Certificate is transferable in whole or in part upon the terms and conditions set forth in the Agreement by the registered holder hereof in person or by duly authorized attorney on the books of the Fiscal Agent upon surrender to the Fiscal Agent at the office of the Fiscal Agent in the City of New York, Borough of Manhattan, of this Certificate accompanied by a written instrument of transfer, duly

executed by the registered holder in person or by such attorney, in form satisfactory to the Fiscal Agent. The Trustee, the Fiscal Agent, the Guarantor and the Company may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Agreement) all instalments of principal and interest represented by this Certificate may become or be declared due and payable in the manner and with the effect provided in the Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by one of its Vice Presidents, by his signature or a facsimile thereof, and its corporate seal or a facsimile thereof to be hereunto affixed or hereon imprinted and to be attested by the manual signature of one of its Assistant Secretaries.

Dated as of

IRVING TRUST COMPANY,
Trustee,

[CORPORATE SEAL]

by
Vice President.

Attest:

.....
Assistant Secretary.

GUARANTY

The undersigned, Illinois Central Railroad Company and Peterock Corporation, for a valuable consideration, hereby jointly and severally unconditionally guarantee to the registered holder of the within Certificate the prompt payment when due of the principal of said Certificate and of the interest thereon specified in said Certificate, with interest on any overdue principal and interest, to the extent legally enforceable, at the rate of $9\frac{3}{8}\%$ per annum, all in accordance with the terms of said Certificate and the Equipment Trust Agreement referred to therein and subject to the provisions of Section 9.02 of the Equipment Trust Agreement.

ILLINOIS CENTRAL RAILROAD COMPANY,

by
Treasurer.

PETEROCK CORPORATION,

by
President.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or other
 identifying number of Assignee

.....
 the within Peterock Corporation Equipment Trust Certificate and does hereby irrevocably constitute and appoint attorney to transfer the said Certificate on the books of the within named Fiscal Agent, with full power of substitution in the premises.

Dated.....

WHEREAS, it is desired to secure to the holder of the Trust Certificates the payment of the principal thereof, as hereinafter more particularly provided, with interest thereon, as hereinafter provided, payable semiannually in each year, and to evidence the rights of the holder or holders of the Trust Certificates in substantially the form hereinbefore set forth;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto hereby agree as follows:

ARTICLE ONE

DEFINITIONS

SECTION 1.01. *Definitions.* The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement shall have the respective meanings hereinafter specified:

Affiliate of any corporation shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, such corporation. For the purposes of this definition, *control* (including *controlled by* and *under common control with*), as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

Amendment shall mean the Amendment Agreement dated as of April 15, 1971, among the Trustee, the Fiscal Agent, the Company and the Lessee and the terms *Assignment*, *Equipment Purchase Agreement* and *Lease* shall mean such documents as defined herein, as amended by the Amendment.

Assignment shall mean the Collateral Assignment of Lease and Agreement dated as of December 15, 1970, by the Company to the Trustee substantially in the form of Annex C hereto.

Business Day shall mean a calendar day, excluding Saturdays, Sundays and holidays.

Company shall mean Peterock Corporation, a New York corporation.

Corporate Trust Office shall mean the office of the Trustee in The City of New York, State of New York, at which the corporate trust business of the Trustee shall, at the time in question, be administered, which office is, on the date of execution of this Agreement, located at One Wall Street, New York, New York 10015.

Cost, when used with respect to any Equipment, shall mean the Equipment Purchase Price as defined in the Equipment Purchase Agreement.

Deposited Cash shall mean the proceeds from the sale of the Trust Certificates deposited with the Fiscal Agent pursuant to Section 2.01 and on deposit with the Fiscal Agent.

Equipment shall mean the standard gauge railroad equipment described in Annex A hereto and in Annex A to the Equipment Purchase Agreement.

Equipment Purchase Agreement shall mean the Equipment Purchase Agreement dated as of December 15, 1970, between the Seller and the Company substantially in the form of Annex D hereto.

Event of Default shall mean any event specified in Section 5.01 to be an Event of Default.

Fiscal Agent shall mean Bankers Trust Company, a New York corporation, and, subject to the provisions of Article Eight, any successor as fiscal agent hereunder.

Fiscal Agent's Office shall mean the office of the Fiscal Agent in The City of New York, State of New York, at which the corporate trust business of the Fiscal Agent shall, at the time in question, be administered, which office is, on the date of execution of this Agreement, located at One Battery Park Plaza, New York, New York 10004.

The word *holder*, when used with respect to Trust Certificates, shall include the plural as well as the singular number.

Interim Purchase Agreement shall mean the Purchase Agreement dated as of December 15, 1970, between the Company and the party named in Annex I thereto.

Interim Purchaser shall mean the party named in Annex I to the Interim Purchase Agreement.

Lease shall mean the Lease of Equipment dated as of December 15, 1970, between the Company and the Lessee substantially in the form of Annex B hereto.

Lessee or *Guarantor* shall mean Illinois Central Railroad Company, an Illinois corporation, and its successors and assigns.

Lessee's Certificate shall mean a certificate signed by the President, any Vice President, the Comptroller or the Treasurer of the Lessee.

Officer's Certificate shall mean a certificate signed by the President, any Vice President or any Assistant Vice President of the Company.

Opinion of Counsel shall mean an opinion in writing signed by legal counsel who shall be satisfactory to the Trustee and who may be an employee of the Company or the Lessee. The acceptance by the Trustee of, and its action on, an Opinion of Counsel shall be sufficient evidence that such counsel is satisfactory to the Trustee.

Purchase Agreement shall mean the Purchase Agreement dated as of April 15, 1971, between the Company, the Lessee, the Interim Purchaser and the Purchasers, relating to the sale and purchase of the Trust Certificates.

Purchaser shall mean each Purchaser named in Annex I to the Purchase Agreement and *Purchasers* shall mean all such Purchasers.

Request shall mean a written request for the action therein specified delivered to the Trustee or the Fiscal Agent or both, as the case may be, at least one Business Day prior to the time the action requested thereby is to be taken and signed on behalf of the Company by the President, any Vice President or any Assistant Vice President of the Company.

Seller shall mean Illinois Central Railroad Company, an Illinois corporation, the seller under the Equipment Purchase Agreement.

Trust Certificates shall mean both the Trust Certificates, Series A and the Trust Certificates, Series B, issued hereunder and, to the extent the context requires, shall mean the equipment trust certificates originally issued to the Interim Purchaser pursuant to the Interim Purchase Agreement.

Trust Certificates, Series A, shall mean Peterock Corporation Equipment Trust Certificates, Series A, payable in ten semiannual instalments on January 15 and July 15 in each year commencing July 15, 1971, to and including January 15, 1976.

Trust Certificates, Series B, shall mean Peterock Corporation Equipment Trust Certificates, Series B, payable in 16 semiannual instalments on January 15 and July 15 in each year commencing July 15, 1976, to and including January 15, 1984.

Trust Equipment shall mean all Equipment at any time subject to the terms of this Agreement.

Trustee shall mean Irving Trust Company, a New York corporation, and, subject to the provisions of Article Eight, any successor as trustee hereunder.

The words *herein, hereof, hereby, hereto, hereunder* and words of similar import refer to this Agreement as a whole and not to any particular Article, Section, paragraph or subdivision hereof.

ARTICLE TWO

TRUST CERTIFICATES AND ISSUANCE THEREOF

SECTION 2.01. *Issuance of Trust Certificates.* An amount equal to the proceeds of the sale by the Company of the Trust Certificates, but not less than the aggregate principal amount thereof, shall forthwith be delivered by certified or official bank check or checks or bank wire transfer to the Trustee by or on behalf of the Company. The Trustee shall deposit such proceeds with the Fiscal Agent.

Thereupon, without waiting for the recording or filing of this Agreement or of any other instrument respecting the Trust Equipment, the Trustee shall issue and deliver, as the Company shall direct by Request, Trust Certificates in the aggregate principal amount so sold.

The aggregate principal amount of Trust Certificates, Series A, and Trust Certificates, Series B, which shall be executed and delivered by the Trustee under this Section shall not exceed the sum of \$1,440,000 and \$4,160,000, respectively, and the aggregate principal amount represented by all the Trust Certificates shall be payable as hereinafter set forth.

SECTION 2.02. *Interests Represented by Trust Certificates; Interest; Maturity.* Each of the Trust Certificates shall represent an interest in the amount therein specified in the trust created hereunder. The Trust Certificates shall be payable as to principal and will bear interest as specified in the respective forms thereof hereinabove set forth; *provided, however*, that in calculating the principal payable on July 15, 1971 on the Trust Certificates, Series A, it shall be assumed that interest has accrued on the Trust Certificates from January 15, 1971. The Fiscal Agent will furnish to the Trustee and each Purchaser a schedule showing the respective amounts of principal and interest payable on each date on which such amounts are payable.

The principal of and interest on the Trust Certificates shall be payable at the Fiscal Agent's Office, in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, but only from and out of rentals or other moneys received by the Fiscal Agent for the account of the Trustee and applicable to such payment under the provisions hereof. Notwithstanding the provisions of the preceding sentence of this paragraph, in the case of payments of principal and interest to be made on a Trust Certificate not then to be paid in full, upon request and deposit with the Fiscal Agent and the Trustee of an agreement of the holder of such Trust Certificate (the responsibility of such holder to be satisfactory to the Company) obligating such holder, prior to any transfer or other disposition thereof, to surrender the same to the Fiscal Agent for notation thereon

of the instalments of principal amount represented thereby theretofore paid in whole or in part, the Fiscal Agent will (subject to timely receipt of the necessary funds by it) (i) mail its check on the date each such payment is due to such registered holder at his address shown on the registry books maintained by the Fiscal Agent or (ii) if the holder so requests in writing, wire on each such due date, funds immediately available on such date to such holder, at such address as may be furnished the Fiscal Agent in writing for such purpose, without, in either case, requiring the surrender of such Trust Certificate; *provided, however*, that the deposit of such an agreement shall not be required of any of the Purchasers.

SECTION 2.03. *Forms of Trust Certificates and Guaranties.* The Trust Certificates and the guaranties to be endorsed on the Trust Certificates by the Company and the Guarantor as provided in Section 6.01 shall be in substantially the forms hereinbefore set forth.

SECTION 2.04. *Execution by Trustee.* The Trust Certificates shall be signed in the name and on behalf of the Trustee by the manual or facsimile signature of its President, one of its Vice Presidents or one of its Assistant Vice Presidents and its corporate seal or a facsimile thereof shall be affixed or imprinted thereon and attested by the manual signature of one of its Assistant Secretaries. In case any officer of the Trustee whose signature, whether facsimile or not, shall appear on any of the Trust Certificates shall cease to be such officer of the Trustee before the Trust Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Trust Certificates, such Trust Certificates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

SECTION 2.05. *Characteristics of Trust Certificates.*

(a) The Trust Certificates: shall be registered, as to both principal and interest, in the name of the holder; shall be (i) transferable in whole or in part and (ii) exchangeable for Trust Certificates of

the same series of other denominations of equal aggregate outstanding principal amount, upon presentation and surrender thereof for transfer or exchange at the Fiscal Agent's Office, accompanied, in the case of transfer, by appropriate instruments of transfer, duly executed by the registered holder of the surrendered Trust Certificate or Certificates or by duly authorized attorney, in form satisfactory to the Fiscal Agent, *provided, however*, that no Trust Certificate shall be issued in a principal amount less than \$10,000 except in the case of the transfer or exchange of a Trust Certificate which at the time is in an unpaid principal amount of less than \$10,000; shall be dated as of the date of issue unless issued in exchange for another Trust Certificate or Certificates bearing unpaid interest from an earlier date, in which case they shall be dated as of such earlier date, *provided, however*, that the Trust Certificates issued to the Purchasers as provided in the Purchase Agreement shall be dated the Closing Date (as defined in the Purchase Agreement); and shall entitle the registered holder to interest from the date thereof. The Fiscal Agent shall, if any prepayment shall theretofore have been made pursuant to Section 3.01 or 4.07, attach to each Trust Certificate issued upon transfer or exchange a revised schedule of payments of principal and interest as provided in Sections 3.01 and 4.07.

(b) Anything contained herein to the contrary notwithstanding, the parties hereto may deem and treat the registered holder of any Trust Certificate as the absolute owner of such Trust Certificate for all purposes and shall not be affected by any notice to the contrary.

(c) The Trustee shall cause to be kept at the Fiscal Agent's Office books for the registration and transfer of the Trust Certificates and, upon presentation of the Trust Certificates for such purpose, the Fiscal Agent shall register any transfer as hereinabove provided, and under such reasonable regulations as it may prescribe.

(d) For any registration, transfer or exchange, the Fiscal Agent shall require payment by the person requesting same of a sum sufficient to reimburse it for any governmental charge connected therewith.

(e) Each Trust Certificate delivered pursuant to any provision of this Agreement in exchange for, or upon the transfer of the whole

or any part, as the case may be, of one or more other Trust Certificates of the same series, shall carry all the rights to principal and to interest accrued and unpaid and to accrue, which were carried by the whole or such part, as the case may be, of such one or more other Trust Certificates and, notwithstanding anything contained in this Agreement, such Trust Certificate shall be so dated that neither gain nor loss in interest or principal shall result from such exchange, substitution or transfer, *provided, however*, that the Trust Certificates issued to the Purchasers as provided in the Purchase Agreement shall be dated the Closing Date (as defined in the Purchase Agreement).

(f) The Trustee shall not be required to issue, and the Fiscal Agent shall not be required to transfer or exchange, Trust Certificates for a period of ten Business Days next preceding any interest payment date.

SECTION 2.06. *Replacement of Lost Trust Certificates.* In case any Trust Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Trust Certificate of like tenor and date, and bearing such identifying number or designation as the Trustee may determine, in exchange and substitution for, and upon cancellation of, the mutilated or defaced Trust Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen. The applicant for a new Trust Certificate pursuant to this Section shall furnish to the Trustee, the Company and the Guarantor evidence to their satisfaction of the loss, destruction or theft of such Trust Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Trust Certificate, and also shall furnish such security or indemnity as may be required by the Trustee, the Company and the Guarantor in their discretion, and shall pay all expenses and charges of such substitution or exchange. All Trust Certificates are held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutilated, defaced, lost, destroyed or stolen Trust Certificates and shall preclude any and all other rights and

remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

ARTICLE THREE

ACQUISITION OF TRUST EQUIPMENT BY TRUSTEE; DEPOSITED CASH

SECTION 3.01. *Acquisition and Exclusion of Equipment; Prepayment of Deposited Cash.* The Company shall sell, assign and transfer to the Trustee, as trustee for the holders of the Trust Certificates, security title to all of the Trust Equipment described in Annex A hereto; *provided, however*, that any Equipment not accepted pursuant to Section 4.02 and settled for pursuant to this Article Three on or before December 31, 1970 (herein called the Cut-Off Date), shall be excluded from this Agreement and not included in the term Trust Equipment. In the event of any such exclusion, the Company, the Trustee and the Fiscal Agent shall execute an agreement supplemental hereto limiting this Agreement to the Trust Equipment theretofore accepted and settled for hereunder.

In the event that the Company shall deem it necessary or desirable to procure for the use of the Company, and to include in the trust hereby created, units of Equipment other than those described in Annex A hereto, or in the event that any of the Trust Equipment shall suffer a Casualty Occurrence, as defined in Section 4.07, before being accepted by the Trustee, the Company may sell, assign and transfer to the Trustee, security title to other units of Equipment to be substituted hereunder. In such event, the Company and the Trustee will, upon Request, enter into an agreement excluding from this Agreement such unit or units of the Equipment as the Company may request and including in substitution therefor such other units of Equipment as the Company may specify; *provided, however*, that the Lease is likewise amended so as to reflect such exclusion and inclusion.

In the event that on the Cut-Off Date any Deposited Cash shall remain in the possession of the Fiscal Agent, the Fiscal Agent shall apply Deposited Cash to the *pro rata* prepayment, in New York Clear-

ing House funds, of each instalment of principal remaining unpaid on the Trust Certificates (in proportion to the principal amount represented by each such instalment), each of the holders of the Trust Certificates to share proportionately in such prepayment; *provided, however*, that, in the event that the aggregate amount of such prepayment shall be \$100,000 or less, the Fiscal Agent may, if requested so to do by any holder of the Trust Certificates and if such request is consented to by each other holder of an outstanding Trust Certificate, apply such prepayment to such *pro rata* prepayment of each instalment of principal remaining unpaid on the Trust Certificates held by such holder. Thereupon the Fiscal Agent will promptly furnish to the Trustee and each of the holders of outstanding Trust Certificates a revised schedule of payments of principal thereafter to be made hereunder calculated as provided in Section 2.02.

SECTION 3.02. *Payment of Deposited Cash.* From time to time, when and as any of the Trust Equipment shall have become subject to the terms and provisions hereof as provided in Section 4.02, the Fiscal Agent shall (subject to the Company's compliance with the provisions of Section 3.03) pay, upon Request, to the Seller out of Deposited Cash then held by the Fiscal Agent an amount equal to 80% of the aggregate Cost of such Trust Equipment, as specified in the Lessee's Certificate furnished to the Trustee and the Fiscal Agent pursuant to Section 3.04(c). Anything contained in this Agreement or the Equipment Purchase Agreement to the contrary notwithstanding, the Fiscal Agent shall have no duty to make any payment to the Seller pursuant to this Section: (i) prior to the Closing Date (as defined in the Interim Purchase Agreement); or (ii) in the event that on such Closing Date the aggregate principal amount of Trust Certificates to be sold on such Closing Date (as specified in Annex I to the Interim Purchase Agreement) shall not have been purchased by the Interim Purchaser.

SECTION 3.03. *Payment of Deficiency.* The Company covenants that, contemporaneously with any payment by the Fiscal Agent pursuant to Section 3.02 with respect to any Trust Equipment, it will pay to

the Seller that portion of the Cost of such Trust Equipment not paid out of Deposited Cash as provided in Section 3.02; *provided, however*, the Company shall have no obligation to make any such payment unless (i) all of the provisions of Articles 1 and 2 of the Equipment Purchase Agreement shall have been duly complied with and all conditions set forth therein shall have been satisfied in a manner acceptable to the Company, (ii) all of the representations and warranties set forth in the Equipment Purchase Agreement shall be true and correct with the same effect as though such representations and warranties had been made on and as of the date of such payment to the Seller and (iii) anything contained in Article 2 of the Equipment Purchase Agreement to the contrary notwithstanding, 80% of the Cost of such Trust Equipment shall not exceed the amount of Deposited Cash then held by the Fiscal Agent.

SECTION 3.04. *Supporting Papers.* The Fiscal Agent shall not pay out any Deposited Cash pursuant to Section 3.02 with respect to any Trust Equipment unless and until it and the Trustee shall have received, in form and substance satisfactory to them and Messrs. Cravath, Swaine & Moore:

(a) one or more duly executed Certificates of Acceptance (as defined in the Equipment Purchase Agreement) and one or more duly executed Certificates of Acceptance (as defined in the Lease) with respect to such Trust Equipment;

(b) a bill or bills of sale from the Company to the Trustee confirming the transfer of security title to such Trust Equipment as contemplated herein, which bill or bills of sale shall specify the Trust Equipment described therein by number or numbers and shall contain a warranty to the Trustee that such security title is free from all liens, security interests and other encumbrances prior to or *pari passu* with the security title of the Trustee (except as created by this Agreement or as permitted by Section 6.02 and except for the Assignment and the Lease);

(c) a Lessee's Certificate, which shall state (i) that such Trust Equipment is Equipment as herein defined, (ii) that the Cost of such Trust Equipment is an amount therein specified or is not less than the amount therein specified and (iii) that the Cost of such Trust Equipment does not exceed the fair market value thereof;

(d) an opinion of counsel for the Lessee addressed to the Company and the Trustee to the effect (i) that such bill or bills of sale are valid and effective, either alone or in connection with any other instrument referred to in and accompanying such opinion, to vest in the Trustee security title to such Trust Equipment as contemplated herein free from all liens, security interests and other encumbrances prior to or *pari passu* with the security title of the Trustee (except as created by this Agreement or as permitted by Section 6.02 and except for the Assignment and the Lease), (ii) that the Trust Equipment has come under and is subject to the Lease, (iii) that the Trustee is vested with all the right, title and interest of the Company in and to the Lease purported to be assigned to the Trustee by the Assignment, (iv) that this Agreement and the Assignment have been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and no other filing or recordation is necessary for the protection of the rights of the Trustee hereunder and in and to the Lease in any state of the United States of America or the District of Columbia and (v) set forth in § 13 of the Lease. In giving such opinion, counsel may rely on the opinion of counsel for the Company referred to in subsection (e) below;

(e) an opinion of counsel for the Company to the effect (i) that such bill or bills of sale have been duly authorized, executed and delivered by the Company and (ii) that this Agreement, the Lease and the Assignment have been duly authorized, executed, acknowledged and delivered by the Company and are legal, valid

and binding instruments enforceable against the Company in accordance with their terms except as enforcement of the same may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect or, in the case of the Assignment, by laws relating to taxes imposed upon, or measured by, income or profit;

(f) a receipt of the Seller for the amounts specified in Section 3.02 and Section 3.03;

(g) a copy of the invoice with respect to such Trust Equipment required by the first paragraph of Article 2 of the Equipment Purchase Agreement; and

(h) in case of any Trust Equipment not specifically described herein, an Opinion of Counsel that a proper supplement hereto in respect of such Trust Equipment has been duly executed by the Trustee, the Fiscal Agent and the Company and duly filed and recorded in accordance with Section 6.03.

ARTICLE FOUR

LEASE OF TRUST EQUIPMENT TO THE COMPANY

SECTION 4.01. *Lease of Trust Equipment.* The Trustee does hereby let and lease to the Company, from and after the date of acceptance thereof hereunder to January 15, 1984, its security title interest in and to each unit of the Trust Equipment.

SECTION 4.02. *Equipment Automatically Subjected.* As and when any Equipment shall from time to time be accepted by the Company under the Equipment Purchase Agreement as evidenced by a certificate or certificates referred to in Section 3.04(a), the same shall be deemed accepted hereunder and shall, *ipso facto* and without further instrument of lease, transfer or acceptance, become subject to all the terms and provisions hereof.

SECTION 4.03. *Additional and Substituted Equipment Subject Hereto.* In the event that the Company shall, as provided in Section 3.01 or 3.02, cause to be transferred to the Trustee other Equipment in addition to or in substitution for any of the Equipment herein specifically described or subject hereto, such other Equipment shall be included as part of the Trust Equipment by supplement hereto to be executed by the Trustee, the Company and the Fiscal Agent and shall be subject to all the terms and conditions hereof in all respects as though it had been part of the Trust Equipment herein specifically described.

SECTION 4.04. *Rental Payments.* The Company hereby accepts the lease of the Trustee's security title interest in and to all the Trust Equipment; and the Company covenants and agrees to pay to the Fiscal Agent for the account of the Trustee at 16 Wall Street, New York, New York 10015 (or, in the case of taxes, to the proper taxing authority), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, rental hereunder which shall be sufficient to pay and discharge the following items, when and as the same shall become due and payable (whether or not any of such items shall become due and payable prior to the delivery and lease to the Company of such security title interest in and to any of the Trust Equipment and notwithstanding that any of the Trust Certificates shall have been acquired by the Company or any Affiliate of the Company or shall not have been presented for payment):

- (1) the necessary and reasonable expenses of the trust hereby created, including compensation and expenses provided for herein;
- (2) any and all taxes, assessments and governmental charges upon or on account of the income or property of the trust, or upon or on account of this Agreement, which the Trustee or the Fiscal Agent as such may be required to pay;
- (3) (a) the amounts of the interest payable on the Trust Certificates, when and as the same shall become due and payable, and (b) interest, at the rate of 9 $\frac{3}{8}$ % per annum from the due

date, upon the amount of any instalments of interest or principal payable under this and the following subparagraph which shall not be paid when due, to the extent legally enforceable; and

(4) the instalments of principal on the Trust Certificates when and as the same shall become due and payable [whether upon the date of maturity thereof or by declaration or otherwise].

SECTION 4.05. *Termination of Lease.* It is understood that the transfer to the Trustee of security title to the Trust Equipment pursuant to this Agreement is being made solely to secure the performance by the Company of its obligations under this Agreement and that beneficial ownership in and to the Trust Equipment shall be and remain in the Company subject to compliance by the Company with all of its obligations under this Agreement. Accordingly, after all payments due or to become due from the Company hereunder shall have been completed and fully made to or for the account of the Trustee and the Company shall have performed all of its other obligations hereunder, (1) such payments shall be deemed to represent the discharge in full of the Trustee's interest in the Trust Equipment at such time, (2) any moneys remaining in the hands of the Fiscal Agent or the Trustee after providing for all outstanding Trust Certificates and after paying the expenses of the Fiscal Agent or the Trustee, including their reasonable compensation, shall be paid to the Company, (3) full title to all the Trust Equipment shall vest in the Company and (4) the Trustee and the Fiscal Agent shall execute for record in public offices, at the expense of the Lessee, such instrument or instruments in writing as reasonably shall be requested by the Company in order to make clear upon public records the Company's full title to all the Trust Equipment and the Company's full right, title and interest as lessor under the Lease under the laws of any jurisdiction; *provided, however*, that until that time security title to the Trust Equipment shall not pass to or vest in the Company, but security title to all the Trust Equipment shall be and remain in the Trustee, notwithstanding the possession and use thereof by the Company pursuant to the terms of this Agreement.

SECTION 4.06. *Marking of Trust Equipment.* The Company agrees that it will cause each unit of the Trust Equipment to be kept numbered with the identifying number of the Lessee as set forth in Annex A hereto and will, as promptly as possible, cause to be plainly, distinctly, permanently and conspicuously marked on each side of such unit in letters not less than three-eighths inch in height, the following words:

"TITLE TO THIS LOCOMOTIVE IS VESTED IN A TRUSTEE UNDER THE TERMS OF AN EQUIPMENT TRUST AGREEMENT FILED UNDER SECTION 20c OF THE INTERSTATE COMMERCE ACT"

or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the security title of the Trustee to such unit and the rights of the Company and the Trustee under this Agreement. The Company will replace or cause to be replaced promptly such markings if they are removed, defaced or destroyed so that such markings will at all times be kept and maintained on the Trust Equipment. The Company will not permit the identifying number of any unit of the Trust Equipment to be changed except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Trustee by the Company and filed, recorded or deposited in all public offices where this Agreement will have been filed, recorded or deposited.

Except as above provided, the Company will not allow the name of any person, association or corporation to be placed on the units of the Trust Equipment as a designation that might be interpreted as a claim of full legal ownership; *provided, however*, that the Company may cause the Trust Equipment to be lettered with the names, initials or other insignia customarily used by the Lessee on railroad equipment used by it of the same or a similar type for convenience of identification of its right to use the Trust Equipment under the Lease, and the Trust Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Company therein.

SECTION 4.07. *Maintenance of Trust Equipment; Casualty Occurrences; Annual Report; and Insurance.* The Company agrees that it will maintain or cause to be maintained and keep or cause to be kept all the Trust Equipment in good order and repair at no cost or expense to the Trustee, unless and until it becomes worn out, destroyed, irreparably damaged, lost or stolen from any cause whatsoever or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called a Casualty Occurrence).

Whenever any unit of the Trust Equipment shall suffer a Casualty Occurrence the Company shall, promptly after it is informed of a Casualty Occurrence under the Lease, notify the Trustee and the Fiscal Agent in writing with respect thereto. On the rental payment date next succeeding such notice by the Company (or, in the event such rental payment date shall occur within 15 days after notice of such Casualty Occurrence is given by the Lessee to the Company, on the following rental payment date) the Company shall deposit with the Fiscal Agent for the account of the Trustee an amount in cash equal to the value of such unit as of such date and, upon such payment, the security title of the Trustee to such unit shall terminate and full title to such unit shall vest in the Company. The rights and remedies of the Trustee to enforce or to recover any of the rental payments shall not be affected by reason of such Casualty Occurrence. For all purposes of this paragraph, value shall be set forth in an Officer's Certificate and shall be determined as follows (and the manner of such determination shall be set forth in such Officer's Certificate):

The value of any unit of Trust Equipment having suffered a Casualty Occurrence shall be deemed to be 80% of the Cost thereof as theretofore certified to the Trustee, less an amount equal to the aggregate of payments of rental theretofore made pursuant to Section 4.04(4) applicable to such unit. Rentals paid pursuant to Section 4.04(4) shall be deemed to be applied *pro rata* to each unit on each rental payment date in the same proportion as the Cost of such unit bears to the aggregate Cost of all units of Trust Equipment hereunder on such date.

Cash deposited with the Fiscal Agent for the account of the Trustee pursuant to this Section 4.07 shall be applied to the *pro rata* prepayment on such date of each instalment of principal remaining unpaid on the Trust Certificates (in proportion to the principal amount represented by each such instalment), each of the holders of the Trust Certificates to share proportionately in such prepayment. The Fiscal Agent will promptly furnish to the Trustee and each of the holders of outstanding Trust Certificates a revised schedule of payments of principal thereafter to be made calculated as provided in Section 2.02.

On or before April 1 in each year, commencing with the year 1972, the Company will furnish or cause to be furnished to the Trustee, in such number of counterparts or copies as may reasonably be requested, an accurate statement (1) showing as of the preceding December 31, the amount, description and numbers of all units of the Trust Equipment that may have suffered a Casualty Occurrence whether by accident or otherwise during the preceding calendar year (or since the date of this Agreement in the case of the first such statement), and such other information regarding the condition and state of repair of the Trust Equipment as the Trustee may reasonably request, (2) identifying the units of Trust Equipment then subject to the Lease, and (3) stating that, in the case of all units of the Trust Equipment repaired or repainted during the period covered by such statement, the markings required by Section 4.06 have been preserved or replaced.

The Company will cause to be carried and maintained insurance in respect of the Trust Equipment in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by the Lessee.

SECTION 4.08. *Possession of Trust Equipment.* Subject to the provisions of Article 5, the Company shall be entitled to the possession and use of the Trust Equipment and also to enter into the Lease which shall be subject and subordinate to this Agreement; *provided, however,* that the Lease shall forthwith be assigned to the Trustee as security for

the obligations of the Company hereunder pursuant to the Assignment. The Lease may provide, subject to the provisions of Section 4.06, for lettering or marking upon such Equipment for convenience of identification of the leasehold interest of the Lessee therein.

The Company may assign and/or transfer any or all of its rights under this Agreement and/or any or all of its rights to any of the Trust Equipment; *provided, however*, any such assignment or transfer must be subject to the rights and remedies of the Trustee hereunder. Any such assignment or transfer may be made by the Company without the assignee or transferee assuming any of the obligations of the Company hereunder. The Company, the Trustee and the Fiscal Agent acknowledge that such assignment or transfer is contemplated and/or has been effected. All of the rights of the Company hereunder shall inure to the benefit of the Company's assigns (and to any corporation, trust [including any beneficiary or trustee thereof] or other person for which the Company is acting as nominee).

SECTION 4.09. *Compliance With Laws and Rules; Additions; Indemnity.* The Company covenants and agrees to comply in all respects with all laws of the jurisdictions in which operations involving any unit of the Trust Equipment may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of the Interstate Commerce Commission, the Department of Transportation and any other legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any unit of the Trust Equipment, to the extent such laws and rules affect the operations or use of such unit; and the Company agrees to cause to be indemnified and held harmless the Trustee and the Fiscal Agent from any and all liability that may arise from any infringement or violation of any such laws or rules by the Company, or the Company's employees, or any other person. In the event that such laws or rules require the alteration of any such unit of the Trust Equipment, the Company will cause such unit to be conformed therewith and will cause the same to be maintained in proper condition or operation under such laws and rules; *provided, however*, that the Company or the Lessee may

in good faith contest the validity or application of any such law or rule, in any reasonable manner which does not in the opinion of the Trustee and the Fiscal Agent adversely affect the property or rights of the Trustee and the Fiscal Agent or of the holders of the Trust Certificates hereunder.

Any and all additions to any unit of the Trust Equipment and any replacements thereto and of parts thereof made by the Company or the Lessee shall constitute accessions to such unit and, without cost or expense to the Trustee, there shall immediately be vested in the Trustee the same security interest in such accessions as the security interest of the Trustee in such unit.

The Company agrees to cause to be indemnified and held harmless the Trustee and the Fiscal Agent against any charge or claim made against the Trustee or the Fiscal Agent, and against any expense, loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which the Trustee or the Fiscal Agent may incur in any manner by reason of entering into or performing this Agreement, the Trust Certificates, any of the instruments referred to herein or contemplated hereby or which may arise in any manner out of the security ownership of any unit of the Trust Equipment while subject to this Agreement, and to cause to be indemnified and held harmless the Trustee and the Fiscal Agent against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of such unit of the Trust Equipment resulting in damage to property or injury or death to any person. The indemnities contained in this paragraph shall survive payment of all other obligations under this Agreement or the termination of this Agreement.

SECTION 4.10. *Taxes.* All payments to be made by the Company hereunder will be free of expense to the Trustee and the Fiscal Agent for collection or other charges and will be free of expense to the Trustee and the Fiscal Agent with respect to the amount of any local, state or federal taxes (other than net income, gross receipts [except gross receipts in the nature of or in lieu of sales taxes]; excess profits

and similar taxes), assessments or license fees (and any charges, fines or penalties in connection therewith) hereafter levied or imposed upon or in connection with or measured by, this Agreement or any of the instruments or agreements referred to herein or contemplated hereby or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which expenses, taxes, assessments, license fees, charges, fines and penalties the Company assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Company will also pay or cause to be paid promptly all taxes (other than net income, gross receipts [except gross receipts in the nature of or in lieu of sales taxes], excess profits and similar taxes), assessments or license fees (and any charges, fines or penalties in connection therewith) which may be imposed upon any unit of the Trust Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon the Trustee solely by reason of its security interest therein, and any and all taxes, assessments, license fees and government charges (and any charge, fines or penalties in connection therewith) upon or on account of the trust created by this Agreement, the Trust Certificates or the instruments or agreements referred to herein or contemplated hereby, and will keep at all times all and every part of such unit free and clear of all taxes and assessments which might in any way affect the security title of the Trustee or result in a lien upon or security interest upon such unit and will supply the Trustee with a receipt or other evidence of such payment satisfactory to the Trustee; *provided, however*, that the Company shall be under no obligation to pay any taxes, assessments, license fees, charges, fines or penalties of any kind (hereinafter called impositions) so long as they are being contested in good faith and by appropriate legal proceedings and the nonpayment thereof does not, in the opinion of the Trustee, adversely affect the property or rights of the Trustee hereunder. If any impositions shall have been charged or levied against the Trustee or the Fiscal Agent directly and paid by the Trustee or the Fiscal Agent, as the case may be, the Company shall reimburse the Trustee or the Fiscal Agent, as the case may be, on presentation of invoice therefor; *provided, however*, that

the Company shall not be obligated to reimburse the Trustee or the Fiscal Agent for any impositions so paid unless the Trustee or the Fiscal Agent, as the case may be, shall have been legally liable with respect thereto, or unless the Company shall have approved the payment thereof.

In the event any reports with respect to impositions are required to be made on the basis of individual units of the Trust Equipment the Company will either make or cause to be made such reports in such manner as to show the security interest of the Trustee in such units or will notify the Trustee of such requirement and will make or cause to be made such reports in such manner as shall be satisfactory to the Trustee.

In the event that, during the continuance of this Agreement, the Company becomes liable for the payment or reimbursement of any impositions, pursuant to this Section 4.10, such liability shall continue, notwithstanding the expiration of the term of this Agreement, until all such impositions are paid or reimbursed by the Company.

ARTICLE FIVE

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.01. *Events of Default.* The Company covenants and agrees that in case:

(a) the Company shall default in the payment of any part of the rental payable hereunder for more than 15 days after the same shall have become due and payable, or

(b) the Company shall make or suffer any unauthorized assignment or transfer of its rights hereunder or under the Lease or shall make any unauthorized transfer or lease (including, for the purpose of this clause, contracts for the use thereof) of any of the Trust Equipment, or, except as herein authorized or contemplated, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or lease to be canceled by agreement of all parties having

any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancellation and recovery of possession, or within said 30 days to deposit with the Fiscal Agent for the account of the Trustee a sum in cash equal to the value, as of the date of such unauthorized action (determined in the manner provided in Section 4.07), of such Trust Equipment (any sum so deposited to be returned to the Company upon the cancellation of such assignment, transfer or lease and the recovery of possession by the Company of such Trust Equipment), or

(c) the Company shall, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof on its part to be kept and performed, or to make provision satisfactory to the Trustee for such compliance, or

(d) a decree or order shall have been entered by a court of competent jurisdiction adjudging the Company bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of the Company under the Bankruptcy Act, or any other federal or state law relating to bankruptcy or insolvency, or appointing a receiver for the Trust Equipment or decreeing or ordering the winding up or liquidation of the affairs of the Company, and any such decree or order shall remain in force undischarged and unstayed for a period of 60 days, or

(e) the Company shall institute proceedings to be adjudicated bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or any other federal or state law relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver for the Trust Equipment or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or action shall be taken by the Company in furtherance of any of the aforesaid purposes, or

(f) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, shall be filed by or against the Guarantor and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Guarantor under the Lease, under this Agreement and under its guaranty endorsed on the Trust Certificates shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier, or

(g) any other proceedings shall be commenced by or against the Guarantor for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Guarantor hereunder or under the Lease) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Guarantor under the Lease, under this Agreement and under its guaranty endorsed on the Trust Certificates shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Guarantor or for the property of the Guarantor in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier, or

(h) the Lessee shall default in the observance or performance of any of the covenants and agreements on its part contained in the Lease (other than those relating to payment of any part of the rental provided in § 2 of the Lease) and such default shall continue for 25 days after the Trustee shall have notified the Company in writing thereof *unless* during such 25 day period the Company shall have cured or caused to be cured such default,

then, in any such case (herein sometimes called an Event of Default), if the same shall then be continuing and shall not have been cured by the Company, the Guarantor or any user of the Trust Equipment, the Trustee in its discretion may, and upon the written request of the holders of a majority in principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the Company and the Guarantor, declare to be due and payable forthwith the entire amount of the rentals (except rentals required for the payment of interest accruing after the date of such declaration) payable by the Company as set forth in Section 4.04 and not theretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable immediately without further demand, together with interest at the rate of $9\frac{3}{8}\%$ per annum, to the extent legally enforceable, on any portion thereof overdue.

In case one or more Events of Default shall happen, and if the same shall then be continuing, the Trustee in its discretion also may, and upon the written request of the holders of a majority in principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the Company and the Guarantor, declare the principal of all the Trust Certificates then outstanding to be due and payable, and thereupon the same shall become and be immediately due and payable.

In case the Company shall fail to pay any instalment of rental payable pursuant to Section 4.04(3) or (4) when and as the same shall have become due and payable hereunder, and such default shall have continued for a period of ten days, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the

rentals so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company or other obligor upon the Trust Certificates and collect in the manner provided by law out of the property of the Company or other obligor upon the Trust Certificates wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or the Guarantor under the Bankruptcy Act (including but not limited to Section 77 thereof) or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Company or the Guarantor, or in case of any other judicial proceedings relative to the Company or the Guarantor, or to the creditors of the Company or the Guarantor or the Trust Equipment, the Trustee, irrespective of whether the rental payments hereunder or the principal of the Trust Certificates shall then be due and payable as herein or therein expressed whether by declaration or otherwise and irrespective of whether the Trustee shall have made any demand or declaration pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the entire amount of the rentals (except rentals required for the payment of interest accruing after the date of such declaration), and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its gross negligence or wilful misconduct) and of the holders of the Trust Certificates allowed in such proceedings and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the holders of the Trust Certificates and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the holders of the Trust Certificates to make payments to the Trustee, and, in the event that the

Trustee shall consent to the making of payments directly to the holders of the Trust Certificates, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its gross negligence or wilful misconduct.

All rights of action and to assert claims under this Agreement, or under any of the Trust Certificates, may be enforced by the Trustee without the possession of any of the Trust Certificates or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Trust Certificates. In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Agreement to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Trust Certificates, and it shall not be necessary to make any holders of the Trust Certificates parties to such proceedings.

SECTION 5.02. *Remedies.* Upon the happening of any Event of Default, the Trustee may by its agents enter upon the premises of the Company or the Lessee, any Affiliate of the Company or the Lessee (or other person having acquired the use of the Trust Equipment) where any of the Trust Equipment may be and take possession of all or any part of the Trust Equipment and withdraw the same from said premises, retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive and retain all unpaid per diem, mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease or otherwise contract for the use of the Trust Equipment or any part thereof; or the Trustee may with or without retaking possession (but only after declaring due and payable the entire amount of rentals payable by the Company and the principal of all the then outstanding Trust Cer-

tificates, as provided in Section 5.01) sell the Trust Equipment or any part thereof, free from any and all claims of the Company or the Lessee at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale, for cash or upon credit, in its discretion, and may proceed otherwise to enforce its rights and the rights of the holders of then outstanding Trust Certificates, all subject to any mandatory requirements of law applicable thereto. Upon any such sale, the Trustee itself may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Trust Equipment to be sold, and in general in such manner as the Trustee may determine, but so that the Company and the Lessee may and shall have a reasonable opportunity to bid at any such sale. Upon such taking possession or withdrawal or lease or sale, the Company shall cease to have any rights or remedies in respect of the Trust Equipment hereunder, but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by the Company, and no payments theretofore made by the Company for the rent or use of the Trust Equipment or any of it shall give to the Company any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect of the Trust Equipment against the Trustee or the holders of interest hereunder. No such taking possession, withdrawal, lease or sale of the Trust Equipment by the Trustee shall be a bar to the recovery by the Trustee from the Company of rentals then or thereafter due and payable, or of principal and interest in respect of the Trust Certificates, and the Company shall be and remain liable for the same until such sums have been realized as, with the proceeds of the lease or sale of the Trust Equipment, shall be sufficient for the discharge and payment in full of all the obligations of the Company under this Agreement (other than interest not then accrued), whether or not they shall have then matured.

SECTION 5.03. *Application of Proceeds.* If the Trustee shall exercise any of the powers conferred upon it by Sections 5.01 and 5.02, all

payments made by the Company to the Trustee or the Fiscal Agent and the proceeds of any judgment collected from the Company by the Trustee, and the proceeds of every sale or lease by the Trustee of any of the Trust Equipment, together with any other sums which may then be held by the Trustee or the Fiscal Agent under any of the provisions hereof (other than sums held in trust for the payment of specific Trust Certificates or a part thereof, or interest thereon) shall be applied by the Trustee to the payment, in the following order of priority, (a) of all proper and reasonable charges, expenses or advances made or incurred by the Trustee and the Fiscal Agent in accordance with the provisions of this Agreement and (b) of the interest then due, with interest on overdue interest at the rate of $9\frac{3}{8}\%$ per annum to the extent legally enforceable, and of the principal of all the outstanding Trust Certificates, with interest thereon at the rate of $9\frac{3}{8}\%$ per annum to the extent legally enforceable from the date of default, whether such Trust Certificates shall have then matured by their terms or not, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, then *pro rata* without preference between principal and interest.

After all such payments shall have been made in full, the security title to any of the Trust Equipment remaining unsold shall be conveyed by the Trustee to the Company free from any further liabilities or obligations to the Trustee hereunder. If after applying all such sums of money realized by the Trustee as aforesaid there shall remain any amount due to the Trustee or the Fiscal Agent under the provisions hereof (hereinafter called the Deficiency) the Company agrees to pay the amount of the Deficiency to the Trustee or the Fiscal Agent, as the case may be, upon demand, and if the Company shall fail to pay the Deficiency the Trustee or the Fiscal Agent or both, as the case may be, may bring suit therefor and shall be entitled to recover judgment therefor against the Company. If after applying as aforesaid the sums of money realized by the Trustee there shall remain a surplus in the possession of the Trustee or the Fiscal Agent, such surplus shall be paid to the Company.

SECTION 5.04. *Waivers of Default.* Prior to the declaration of the acceleration of the maturity of the rentals and of the maturity of all the Trust Certificates as provided in Section 5.01, the holders of a majority in aggregate principal amount of the Trust Certificates at the time outstanding may on behalf of the holders of all the Trust Certificates waive any past default and its consequences, except a default in the payment of any instalment of rental payable pursuant to Section 4.04(3) or (4), but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time after the principal of all the Trust Certificates shall have been declared and become due and payable or if at any time after the entire amount of rentals shall have been declared and become due and payable, all as provided in Section 5.01, but before January 15, 1984, all arrears of rent (with interest at the rate of $9\frac{3}{8}\%$ per annum upon any overdue instalments, to the extent legally enforceable), the expenses and reasonable compensation of the Trustee and the Fiscal Agent, together with all expenses of the trust occasioned by the Company's default, and all other sums which shall have become due and payable by the Company hereunder (otherwise than by such declaration or declarations) shall be paid by the Company before any sale or lease by the Trustee of any of the Trust Equipment, and every other default shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Trustee, if so requested by the holders of a majority in principal amount of the Trust Certificates then outstanding, shall by written notice to the Company waive the default by reason of which there shall have been such declaration or declarations and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5.05. *Obligations Not Affected by Remedies.* No re-taking of possession of the Trust Equipment by the Trustee, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against the Company or in respect of the Trust Equip-

ment, on the part of the Trustee or on the part of the holder of any Trust Certificate, nor any delay or indulgence granted to the Company by the Trustee or by any such holder, shall affect the obligations of the Company or the Guarantor hereunder or under their respective guaranties endorsed on the Trust Certificates or under the Lease.

The Company hereby waives presentation and demand in respect of any of the Trust Certificates and waives notice of presentation, of demand and of any default in the payment of the principal of and interest on the Trust Certificates.

SECTION 5.06. *Company to Deliver Trust Equipment to Trustee.* In case the Trustee shall rightfully demand possession of any of the Trust Equipment in pursuance of this Agreement, the Company and the Lessee will, at their own expense, promptly cause such Trust Equipment to be drawn to such point or points as shall reasonably be designated by the Trustee and will there deliver or cause to be delivered the same to the Trustee; or, at the option of the Trustee, the Trustee may keep such Trust Equipment, at the expense of the Company, on any lines of railroad or premises of the Lessee approved by the Trustee until the Trustee shall have leased, sold or otherwise disposed of the same. The performance of the foregoing covenant is of the essence of this Agreement and upon application to any court having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Company and/or the Guarantor requiring the specific performance thereof.

SECTION 5.07. *Trustee to Give Notice of Default.* The Trustee shall give to the holders of the Trust Certificates notice of each Event of Default hereunder known to the Trustee, within 30 days after it learns of the same, unless remedied or cured before the giving of such notice.

SECTION 5.08. *Control by Holders of Trust Certificates.* The holders of a majority in aggregate principal amount of the then outstanding Trust Certificates, by an instrument or instruments in writing executed and delivered to the Trustee, shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on

the Trustee; *provided, however*, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action so directed may not lawfully be taken.

SECTION 5.09. *Remedies Cumulative; Subject to Mandatory Requirements of Law.* The remedies in this Agreement provided in favor of the Trustee and the holders of the Trust Certificates, or any of them, shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity; and such remedies so provided in this Agreement shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of the Company.

SECTION 5.10. *Transfer of Trust Certificates to the Company.* At any time after the occurrence and during the continuation of an Event of Default and upon request of the Company made to each holder of an outstanding Trust Certificate, each holder of a Trust Certificate agrees that, unless the holders of a majority in aggregate principal amount of the Trust Certificates shall have waived such Event of Default, it will, upon receipt from the Company of an amount equal to the aggregate unpaid principal of and accrued interest on all Trust Certificates then held by such holder plus all other sums then due and payable to such holder hereunder or under such Trust Certificates, forthwith sell, assign, transfer and convey to the Company all of the right, title and interest of such holder in and to the Trust Equipment, this Agreement, all Trust Certificates then held by such holder, the Purchase Agreement, the Lease and the Assignment. Anything contained in this Section to the contrary notwithstanding, no holder of any outstanding Trust Certificate shall have any obligation to sell such Trust Certificate to the Company unless the event constituting the Event of Default shall also constitute an Event of Default as defined in the Lease. If the Company shall request, such holder will comply with all the provisions of Section 2.05 to enable new Trust Certificates to be issued to the Company in such denominations as the Company shall request. All charges and expenses required pursuant to Section

2.05 in connection with the issuance of any new Trust Certificates shall be borne by the Company. In the event that the Company shall have acquired all the Trust Certificates in the manner contemplated by this Section and all amounts owing to the Trustee and the Fiscal Agent pursuant to this Agreement shall have been paid, neither the Trustee nor the Fiscal Agent shall exercise any remedies under this Agreement, the Assignment or the Lease without the approval of the Company.

ARTICLE SIX

ADDITIONAL COVENANTS AND AGREEMENTS BY THE COMPANY AND THE GUARANTOR

SECTION 6.01. *Guaranties.* The Company and the Guarantor jointly and severally unconditionally covenant, agree and guarantee that the holder of each of the Trust Certificates shall receive the principal amount thereof, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, when and as the same shall become due and payable, in accordance with the provisions thereof and of this Agreement (and, if not so paid, with interest thereon until paid at the rate of $9\frac{3}{8}\%$ per annum to the extent legally enforceable), and shall receive interest thereon in like money at the rate specified therein, at the times and place and otherwise as expressed in the Trust Certificates (and, if not so paid, with interest thereon until paid at the rate of $9\frac{3}{8}\%$ per annum to the extent legally enforceable); and the Company and the Guarantor each agrees to endorse upon each of the Trust Certificates, at or before the issuance and delivery thereof by the Trustee, its guaranty of the prompt payment of the principal thereof and of the interest thereon, in substantially the form hereinbefore set forth. Each of said guaranties so endorsed shall be signed in the name and on behalf of the Company or the Guarantor, as the case may be, by the manual or facsimile signature of its President, any Vice President, its Treasurer or any Assistant Vice President. In case any officer of the Company or the Guarantor whose signature shall appear on one of

said guaranties shall cease to be such officer before the Trust Certificate shall have been issued and delivered by the Trustee, or shall not have been acting in such capacity on the date of the Trust Certificates, such guaranty shall nevertheless be as effective and binding as though the person who signed said guaranty had not ceased to be or had then been such officer.

The Guarantor further unconditionally guarantees to the Trustee and the holders of the Trust Certificates the due and punctual performance of all obligations of the Company under this Agreement and unconditionally guarantees to the Trustee and the holders of the Trust Certificates that all amounts payable by the Company under this Agreement will be promptly paid when due in accordance with the provisions of this Agreement and in case of default by the Company in any such obligations or payments the Guarantor agrees punctually to perform or pay the same, irrespective of any enforcement against the Company of any of the rights of the Trustee and the holders of the Trust Certificates under this Agreement. The Guarantor hereby agrees that its obligations hereunder and under the aforesaid guaranty on the Trust Certificates shall be unconditional (and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever), irrespective of the genuineness, validity, regularity or enforceability of this Agreement or any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstance which might limit the recourse of the Trustee to the Company. The Guarantor hereby waives diligence, presentment, demand of payment, protest, any notice of any default hereunder or under the Trust Certificates and all notices with respect to this Agreement and all demands whatsoever hereunder. No waiver by the Trustee or the holders of any of the Trust Certificates of any of their rights hereunder or under the Trust Certificates and no action by the Trustee or the holders of any of the Trust Certificates to enforce any of their rights or failure to take, or delay in taking, any such action shall affect the obligations of the Guarantor hereunder or under said guaranty of the Trust Certificates.

In the event that the Guarantor shall make any payments to the Trustee on account of its guaranty hereunder, the Guarantor hereby

covenants and agrees that it shall not acquire any rights, by subrogation or otherwise, against the Company or with respect to any of the units of the Trust Equipment by reason of such payments, all such rights being hereby irrevocably released, discharged and waived by the Guarantor; *provided, however*, that after the payment by the Guarantor to the Trustee of all amounts which could become payable under the first paragraph of this Section 6.01, the Guarantor shall, by subrogation, be entitled to the rights of the Trustee against the Company by reason of such payment.

If the Guarantor makes any payment hereunder or performs any obligation hereunder within the time periods set forth in Section 5.01 hereof required to be made or performed by the Company, no Event of Default shall be deemed to have occurred by reason of the Company's not having made such payment or performed such obligation.

SECTION 6.02. *Discharge of Liens.* The Company covenants and agrees that it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim which if unpaid might become a lien, charge or security interest upon or against any of the Trust Equipment prior to or *pari passu* with the security title of the Trustee; but this provision shall not require the payment of any such debt, tax, charge, assessment, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, provided that such contest will not materially endanger the rights or interests of the Trustee, the Fiscal Agent or the holders of the Trust Certificates and the Company or the Lessee shall have furnished, or cause to be furnished, the Trustee with an Opinion of Counsel to such effect.

SECTION 6.03. *Recording.* The Company will, promptly after the execution and delivery of this Agreement (and of the Lease and the Assignment) and each supplement or amendment hereto or thereto, respectively, cause the same to be duly filed and recorded at the expense of the Lessee with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Company will

from time to time at the expense of the Lessee (i) do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Trustee for the purposes of proper protection, to the satisfaction of the Trustee, of the security title of the Trustee to the Trust Equipment and the rights of the holders of the Trust Certificates, or for the purpose of carrying out the intention of this Agreement or (ii) cause the same to be done and/or performed.

Promptly after the execution and delivery of this Agreement and of the Assignment, and of each supplement or amendment hereto or thereto, the Company will, at the expense of the Lessee, furnish or cause to be furnished to the Trustee an opinion of counsel for the Lessee stating that, in the opinion of such counsel, such document has been properly recorded and filed so as effectively to protect the security title of the Trustee to the Trust Equipment and its interests in the Lease and its rights and the rights of the holders of the Trust Certificates hereunder and thereunder and reciting the details of such action.

SECTION 6.04. *Further Assurances.* The Company and the Guarantor covenant and agree from time to time (at the expense of the Guarantor) to do all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Trustee to do or execute for the purpose of fully carrying out and effectuating this Agreement and the intent hereof.

ARTICLE SEVEN

CONCERNING THE HOLDERS OF TRUST CERTIFICATES

SECTION 7.01. *Evidence of Action Taken by Holders of Trust Certificates.* Whenever in this Agreement it is provided that the holders of a specified percentage in aggregate principal amount of the Trust Certificates may take any action (including the making of any demand

or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by holders of Trust Certificates in person or by agent or proxy appointed in writing.

SECTION 7.02. *Proof of Execution of Instruments and of Holding of Trust Certificates.* Proof of the execution of any instrument by a holder of Trust Certificates or his agent or proxy and proof of the holding by any person of any of the Trust Certificates shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction within the United States of America authorized to take acknowledgments of deeds to be recorded in such jurisdiction that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer.

The ownership of Trust Certificates and the unpaid principal amount thereof may be proved by the register of such Trust Certificates or by a certificate of the Fiscal Agent.

SECTION 7.03. *Trust Certificates Owned by Company.* In determining whether the holders of the requisite principal amount of the Trust Certificates have concurred in any direction, request or consent under this Agreement, Trust Certificates (other than those acquired by the Company in the manner required by Section 5.10) which are owned by the Company, the Lessee or by an Affiliate of the Company or the Lessee shall (unless all of the Trust Certificates are so owned) be disregarded, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, request or consent, only Trust Certificates which the Trustee actually knows are so owned shall be disregarded.

SECTION 7.04. *Right of Revocation of Action Taken.* At any time prior to (but not after) the evidencing to the Trustee, as provided

in Section 7.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Trust Certificates specified in this Agreement in connection with such action, any holder of a Trust Certificate the serial number of which is shown by the evidence to be included in the Trust Certificates the holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 7.02, revoke such action in so far as concerns such Trust Certificate. Except as aforesaid, any such action taken by the holder of any Trust Certificate shall be conclusive and binding upon such holder and upon all future holders and owners of such Trust Certificate and of any Trust Certificate issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Trust Certificate. Any action taken by the holders of the percentage in aggregate principal amount of the Trust Certificate specified in this Agreement in connection with such action shall be conclusive and binding upon the Company, the Trustee and the holders of all the Trust Certificates.

ARTICLE EIGHT

THE TRUSTEE AND FISCAL AGENT

SECTION 8.01. *Acceptance of Trust and Agency.* The Trustee hereby accepts the trust imposed upon it by this Agreement, and covenants and agrees to perform the same as herein expressed and agrees to cause the Fiscal Agent to receive and disburse all moneys paid or held by the Trustee in accordance with the terms of this Agreement. The Fiscal Agent agrees to act as agent for the Trustee and to take such action as shall be required of the Fiscal Agent under this Agreement and the Assignment and as the Trustee shall direct in accordance with the terms of this Agreement.

SECTION 8.02. *Duties and Responsibilities of the Trustee and Fiscal Agent.* In case an Event of Default has occurred (which has not been cured), the Trustee and the Fiscal Agent shall exercise such of

the rights and powers vested in them by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Agreement shall be construed to relieve the Trustee or the Fiscal Agent from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own wilful misconduct, except that

(a) prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred:

(1) the duties and obligations of the Trustee and the Fiscal Agent shall be determined solely by the express provisions of this Agreement, and the Trustee and the Fiscal Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee or the Fiscal Agent; and

(2) in the absence of bad faith on the part of the Trustee or the Fiscal Agent, the Trustee or the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee or the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee or the Fiscal Agent, the Trustee or the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement;

(b) neither the Trustee nor the Fiscal Agent shall be liable for any error of judgment made by it in good faith, unless it shall be proved that the Trustee or the Fiscal Agent, as the case may be, was grossly negligent in ascertaining the pertinent facts or that its action or inaction was contrary to the express provisions of this Agreement;

(c) neither the Trustee nor the Fiscal Agent shall be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in aggregate principal amount of the then outstanding Trust Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or the Fiscal Agent, or exercising any trust or power conferred upon the Trustee or the Fiscal Agent, under this Agreement;

(d) the Trustee and the Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, trust certificate, guaranty or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

(e) the Trustee and the Fiscal Agent may consult with their special counsel, and any opinion of their special counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with such opinion of their special counsel and not contrary to any express provision of this Agreement;

(f) the Trustee and the Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in them or either of them by this Agreement at the request, order or direction of any of the holders of the Trust Certificates, pursuant to the provisions of this Agreement, unless such holders shall have offered to the Trustee and the Fiscal Agent or both, as the case may be, reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby; and

(g) neither the Trustee nor the Fiscal Agent shall be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

SECTION 8.03. *Application of Rentals; Responsibility of Trustee to Insure or Record.* The Trustee covenants and agrees to direct the

Fiscal Agent, and hereby so directs it, to apply the rentals received by it under Section 4.04 when and as the same shall be received, and to the extent that such rentals shall be sufficient therefor, for the purposes specified in Section 4.04.

The Trustee or the Fiscal Agent shall not be required to undertake any act or duty in the way of insuring, taking care of or taking possession of the Trust Equipment or to undertake any other act or duty under this Agreement until fully indemnified to its satisfaction by the Company or by one or more of the holders of the Trust Certificates against all liability and expenses; and the Trustee and the Fiscal Agent shall not be responsible for the filing or recording, required under Section 6.03, of this Agreement or of any supplement hereto or statement of new indentifying numbers.

SECTION 8.04. *Funds May be Held by Fiscal Agent.* Any money at any time paid to or held by the Fiscal Agent for the account of the Trustee hereunder until paid out by the Fiscal Agent as herein provided need not be segregated in any manner except to the extent required by law and may be carried by the Fiscal Agent on deposit with its general banking department, and the Fiscal Agent shall not be liable for any interest thereon.

SECTION 8.05. *Trustee Not Liable for Delivery Delays or Defects in Equipment or Title; Agents; Expenses; etc.* The Trustee and the Fiscal Agent shall not be liable to anyone for any delay in the delivery of any of the Trust Equipment, or for any default on the part of the Seller or of the Company, or for any defect in any of the Trust Equipment or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee or the Fiscal Agent in respect thereof or as a representation on the part of the Trustee or the Fiscal Agent in respect of the value thereof or in respect of the title thereto.

The Trustee may perform its powers and duties hereunder by or through such attorney and agents in addition to the Fiscal Agent as

it shall appoint, and shall be answerable only for its own acts, and not for the acts of any attorney, the Fiscal Agent or other agent appointed by it with reasonable care. The Fiscal Agent shall be answerable only for its own acts, and not for the acts of the Trustee, or any agent appointed by it with reasonable care. The Trustee and the Fiscal Agent shall not be responsible in any way for the recitals herein contained or for the execution or validity of this Agreement, the Lease, the Assignment, the Amendment or of the Trust Certificates (except the Trustee for its own execution thereof) or for the guaranties by the Company and the Guarantor.

The Trustee and the Fiscal Agent shall be entitled to receive payment of all of their expenses and disbursements hereunder, including reasonable counsel fees, and to receive reasonable compensation for all services rendered by them in the execution of their duties hereunder, all of which shall (unless otherwise specifically provided herein to be paid by some other person) be paid by the Company.

The Trustee and the Fiscal Agent may in their individual capacities own, hold and dispose of Trust Certificates.

Any moneys at any time held by the Trustee or the Fiscal Agent shall, until paid out or invested as herein provided, be held by it in trust as herein provided for the benefit of the holders of the Trust Certificates.

SECTION 8.06. Resignation and Removal of Trustee; Appointment of Successor Trustee.

(a) The Trustee may resign and be discharged of the trust created by this Agreement by giving 30 days' written notice to the Company, the Fiscal Agent and to the registered holders of the Trust Certificates and such resignation shall take effect 30 days after the delivery thereof to the Company or upon receipt by the Trustee of an instrument of acceptance executed by a successor trustee as hereinafter provided in this Section.

(b) The Trustee may be removed at any time by an instrument in writing signed by the holders of a majority in principal amount of

the Trust Certificates then outstanding, delivered to the Trustee, the Fiscal Agent and the Company.

(c) If at any time the Trustee shall resign or be removed or otherwise become incapable of acting or, if at any time a vacancy shall occur in the office of the Trustee for any other cause, a successor trustee may be appointed by the holders of a majority of the aggregate principal amount of the then outstanding Trust Certificates by an instrument in writing delivered to the Company, the Fiscal Agent and the Trustee. Until a successor trustee shall be appointed by the holders of Trust Certificates as herein authorized, the Company by an instrument in writing executed by order of its Board of Directors shall appoint a trustee to fill such vacancy. A successor trustee so appointed by the Company shall immediately and without further act be superseded by a successor trustee appointed by the holders of Trust Certificates in the manner provided above. Every successor trustee appointed pursuant to this Section shall be a national bank or a bank or trust company incorporated under the laws of the United States of America or the State of New York, having its principal office in the Borough of Manhattan, City of New York, and having a capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(d) The Company shall give notice to the Fiscal Agent and the holders of all outstanding Trust Certificates of each resignation or removal of the then Trustee and of each appointment by the Company of a successor trustee pursuant to this Section by mailing written notice of such event by first-class mail, postage prepaid.

SECTION 8.07. *Acceptance of Appointment by Successor Trustee.* Any successor trustee appointed as provided in Section 8.06 shall execute, acknowledge and deliver to the Company, the Fiscal Agent and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon (unless such resignation shall have become effective earlier pursuant to Section 8.06(a)) the resignation or removal of the predecessor trustee shall become effective and such successor trustee

tee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee by it or for its account to secure any amounts then due it pursuant to the provisions of Section 8.05.

SECTION 8.08. *Resignation and Removal of Fiscal Agent; Appointment of Successor Fiscal Agent.*

(a) The Fiscal Agent may resign and be discharged of its duties under this Agreement by giving 30 days' written notice to the Company, the Trustee and to the registered holders of the Trust Certificates and such resignation shall take effect 30 days after the delivery thereof to the Trustee or upon receipt by the Trustee of an instrument of acceptance executed by a successor fiscal agent as hereinafter provided in this Section.

(b) The Fiscal Agent may be removed at any time by an instrument in writing signed by the holders of a majority in principal amount of the Trust Certificates then outstanding, delivered to the Trustee, the Fiscal Agent and to the Company.

(c) If at any time the Fiscal Agent shall resign or be removed or otherwise become incapable of acting or, if at any time a vacancy shall occur in the office of the Fiscal Agent for any other cause, a successor fiscal agent may be appointed by the holders of a majority of the aggregate principal amount of the then outstanding Trust Certificates by an instrument in writing delivered to the Company, the Fiscal Agent and

the Trustee. Until a successor fiscal agent shall be appointed by the holders of Trust Certificates as herein authorized, the Company by an instrument in writing executed by order of its Board of Directors shall appoint a fiscal agent to fill such vacancy. A successor fiscal agent so appointed by the Company shall immediately and without further act be superseded by a successor fiscal agent appointed by the holders of Trust Certificates in the manner provided above. Every successor fiscal agent appointed pursuant to this Section shall be a national bank or a bank or trust company incorporated under the laws of the United States of America or the State of New York, having its principal office in the Borough of Manhattan, City of New York, and having a capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(d) The Trustee shall give notice to the holders of all outstanding Trust Certificates of each resignation or removal of the then Fiscal Agent and of each appointment by the Company of a successor fiscal agent pursuant to this Section by mailing written notice of such event by first-class mail, postage prepaid.

SECTION 8.09. *Acceptance of Appointment by Successor Fiscal Agent.* Any successor fiscal agent appointed as provided in Section 8.08 shall execute, acknowledge and deliver to the Company, the Trustee and to its predecessor fiscal agent an instrument accepting such appointment hereunder, and thereupon (unless such resignation shall have become effective earlier pursuant to Section 8.08(a)) the resignation or removal of the predecessor fiscal agent shall become effective and such successor fiscal agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Fiscal Agent herein; but, nevertheless, on the written request of the Company or of the successor fiscal agent, upon payment of its charges then unpaid, the fiscal agent ceasing to act shall execute and deliver an instrument transferring to such successor fiscal agent all the rights and powers of the Fiscal Agent so ceasing to act. Upon request of any such successor

fiscal agent, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor fiscal agent all such rights and powers. Any fiscal agent ceasing to act shall duly assign, transfer, deliver and pay over to such successor fiscal agent all monies or other property then held by it.

SECTION 8.10. *Merger or Consolidation of Trustee and Fiscal Agent.* Any corporation into which the Trustee or the Fiscal Agent may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee or the Fiscal Agent shall be a party shall be the successor of the Trustee or the Fiscal Agent hereunder, as the case may be, provided such corporation shall be qualified under the provisions of Section 8.06 or 8.08, as the case may be, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 8.11. *Position of Fiscal Agent.* Anything contained in this Agreement to the contrary notwithstanding: (i) the Fiscal Agent, acting in its individual capacity, may be the assignee and/or principal of the Company referred to in Section 9.02 and as such shall have all the rights and benefits contemplated by such arrangement; and (ii) the Fiscal Agent acts solely as Fiscal Agent as herein provided and not in its individual capacity. Unless otherwise expressly provided herein, wherever the Trustee is required or permitted to make payments, give notices, make deliveries, keep records or perform other similar or related delegable duties or functions hereunder, the Fiscal Agent may and shall perform such duties and functions.

ARTICLE NINE

MISCELLANEOUS

SECTION 9.01. *Rights Confined to Parties and Holders.* Nothing expressed or implied herein is intended or shall be construed to confer upon or to give to any person, firm or corporation, other than the

parties hereto, the holders of the Trust Certificates and the assignees and/or transferees contemplated by the second paragraph of Section 4.08 any right, remedy or claim under or by reason of this Agreement or of any term, covenant or condition hereof, and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefit of the parties hereto and their successors and of the holders of the Trust Certificates and such assignees and transferees.

SECTION 9.02. *No Recourse.* No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, or under any guaranty endorsed on any Trust Certificate, against any principal or principals (disclosed or undisclosed) of the Company or assignee or assignees or transferee or transferees of the Company if the Company is acting in an agency or nominee capacity, or against any other person solely by reason of the fact that such person is an incorporator, stockholder, director or officer, past, present or future, of the Company or the Guarantor; whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise; it being expressly understood that the obligations due under this Agreement are corporate obligations, and that no personal liability whatever shall attach to or be incurred by any such principal, assignee or transferee of the Company or by any such other person solely by reason of the fact that he is such incorporator, stockholder, officer or director under or by reason of this Agreement, and that all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such principals, assignees, transferees, incorporators, stockholders, directors or officers is forever released as a condition of and as consideration for the execution of this Agreement and any such guaranty.

and any such
guaranty
or any such
guaranty

SECTION 9.03. *Binding Upon Assigns.* Except as otherwise provided herein, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 9.04. *Satisfaction of Obligations.* The obligations of the Company under Section 4.06, the first and last two paragraphs of Section 4.07, Section 4.09, Section 4.10, Section 6.02 and Section 6.03 shall be deemed in all respects satisfied by the Lessee's undertakings contained in §§ 4, 5, 7, 8, 11 and 14 of the Lease. The Company shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed by the Lessee such non-performance may constitute the basis for an Event of Default hereunder pursuant to Section 5.01.

SECTION 9.05. *Notices.* Except as otherwise expressly provided herein, all demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail to (a) in the case of the Company, c/o Salomon Brothers, One New York Plaza, New York, New York 10004, attention of Layton F. Smith (with a copy thereof to Bankers Trust Company at 16 Wall Street, New York, New York 10015, attention of Thomas J. Moskie, Assistant Secretary), or such other address as may hereafter be furnished to the Guarantor, the Trustee and the Fiscal Agent in writing by the Company, (b) in the case of the Guarantor, 135 East Eleventh Place, Chicago, Illinois 60605, attention of President, or at such address as may hereafter be furnished to the Company, the Trustee and the Fiscal Agent in writing by the Guarantor, (c) in the case of the Trustee, One Wall Street, New York, New York 10015, attention of Corporate Trust Department, or such other address as may hereafter be furnished to the Company, the Guarantor and the Fiscal Agent in writing by the Trustee, and (d) in the case of the Fiscal Agent, 16 Wall Street, New York, New York 10015, attention of Thomas J. Moskie, Assistant Secretary, or such other address as may hereafter be furnished to the Company, the Guarantor and the Trustee by the Fiscal Agent. An affidavit by any person representing or acting on behalf of the Company, the Guarantor, the Trustee or the Fiscal Agent as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

SECTION 9.06. *Effect of Headings.* The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 9.07. *Execution.* Although this Agreement is dated as of December 15, 1970, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 9.08. *Applicable Laws.* Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Company hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

SECTION 9.09. *New York Law Governs.* The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of New York; *provided, however,* that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking of the Trust Equipment as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any Trust Equipment may be located.

ANNEX A

The Equipment shall consist of locomotives classified as general purpose road locomotives of 1,600 and 1,850 horsepower, rebuilt during the period September 1967 through December 1969 to new class specifications with a projected 15 year life as follows:

Road Number	Horsepower	Date First Put In Service as Rebuilt		Equipment Purchase Price
		Month	Year	
7960	1600	9	1967	\$ 142,342
7961	1600	3	1968	166,304
7966	1600	9	1968	159,374
7964	1600	10	1968	159,533
7971	1600	11	1968	164,114
7981	1600	12	1968	184,504
7957	1600	2	1969	172,212
7968	1600	4	1969	200,805
7969	1600	5	1969	191,020
7974	1600	7	1969	187,974
7972	1600	9	1969	194,305
7976	1600	10	1969	191,927
7950	1600	11	1969	183,474
7851	1600	12	1969	198,043
7979	1600	12	1969	197,396
15 Total Units				2,693,327
8052	1850	10	1967	173,389
8038	1850	11	1967	152,414
8082	1850	12	1967	176,806
8025	1850	1	1968	169,891
8009	1850	4	1968	160,803
8072	1850	4	1968	158,543
8004	1850	7	1968	171,558
8031	1850	3	1969	200,308
8083	1850	3	1969	198,538
8030	1850	5	1969	206,094
8069	1850	5	1969	188,527
8060	1850	6	1969	190,312
8096	1850	6	1969	192,279
8073	1850	7	1969	198,353
8001	1850	8	1969	204,468
8064	1850	8	1969	194,117
8066	1850	8	1969	196,247
8084	1850	8	1969	197,832
8113	1850	9	1969	195,446
8022	1850	10	1969	191,769
8014	1850	11	1969	194,610
8036	1850	11	1969	200,304
8070	1850	11	1969	194,065
23 Total Units				4,306,673
38 Grand Total				\$7,000,000

LEASE OF EQUIPMENT

between

PETEROCK CORPORATION

and

ILLINOIS CENTRAL RAILROAD COMPANY

Dated as of December 15, 1970

LEASE OF EQUIPMENT, dated as of December 15, 1970, between PETEROCK CORPORATION, a New York corporation (hereinafter called the Lessor), and ILLINOIS CENTRAL RAILROAD COMPANY, an Illinois corporation (hereinafter called the Lessee).

WHEREAS, the Lessor and the Lessee have entered into an Equipment Purchase Agreement dated as of December 15, 1970 (hereinafter, as amended from time to time, called the Equipment Purchase Agreement), wherein the Lessee has agreed to deliver and sell to the Lessor the railroad equipment described in Annex A hereto (hereinafter sometimes called the Equipment); and

WHEREAS, the Lessee has agreed to lease from the Lessor all the units of the Equipment, or such lesser number as are delivered and accepted and settled for under the Equipment Purchase Agreement prior to January 1, 1971 (each hereinafter called a Unit and collectively the Units), at the rentals and for the term and upon the conditions hereinafter provided; and

WHEREAS, the Lessor and the Lessee are parties to an Equipment Trust Agreement dated as of December 15, 1970 (hereinafter, as amended by the Amendment Agreement dated as of April 15, 1971, called the Equipment Trust Agreement), with Irving Trust Company, as Trustee (hereinafter called the Trustee), and Bankers Trust Company, as fiscal agent (hereinafter called the Fiscal Agent) for the Trustee, under which security title to the Units will be reserved to the Trustee until the Lessor fulfills all its obligations under the Equipment Trust Agreement;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject and subordinate to all the rights and remedies of the Trustee under the Equipment Trust Agreement.

§ 1. *Delivery and Acceptance of Units.* The Lessor will cause each Unit accepted pursuant to the Equipment Purchase Agreement to be tendered to the Lessee at the same point or points within the United States of America at which such Unit is delivered to the Lessor under the Equipment Purchase Agreement, such point or points, however, to be mutually acceptable to the Lessor and the Lessee. Immediately upon such tender, the Lessee will cause its authorized inspectors or representatives to inspect the same, and if such Unit is found to be in good operating order and repair, to accept delivery of such Unit and to execute and deliver to the Lessor a certificate of acceptance (hereinafter called a Certificate of Acceptance) to be dated as of the actual date of acceptance of delivery by the Lessee; whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee under this Lease (which term, as used herein, shall be deemed to mean this Lease and all amendments thereto) and shall be subject thereafter to all the terms and conditions of this Lease and such Certificate of Acceptance shall be absolutely binding upon the Lessee. Any Unit or Units excluded from the Equipment Purchase Agreement pursuant to the third paragraph of Article 2 of the Equipment Purchase Agreement shall likewise be excluded from this Lease.

§ 2. *Rentals.* The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease 26 consecutive semiannual payments payable on January 15 and July 15 of each year commencing July 15, 1971. The first such semiannual payment shall be in an amount equal to the sum of (i) .02930% of the Cost (as such term is defined in the Equipment Trust Agreement) of each Unit subject to this Lease for each day elapsed from and including the Closing Date (as defined in the Purchase Agreement dated as of April 15, 1971 [hereinafter called the Purchase Agreement], among the Lessor, the Lessee and the other parties set forth at the foot thereof) to and including July 15, 1971 and (ii) the amount by which .02897% of the Cost of each such Unit subject to this Lease for each day elapsed from and including December 29, 1970 to the Closing Date exceeds the special interim rental hereinafter provided for in the next succeeding paragraph to be paid on the

Closing Date; and the next nine of which shall each be in an amount equal to 5.27356% of the Cost of each Unit subject to this Lease; and the final 16 of which shall each be in an amount equal to 5.95358% of the Cost of each Unit subject to this Lease. If any of the payment dates referred to above is not a business day, the payment payable thereon shall be payable on the next succeeding business day. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and holidays.

The Lessee further agrees to pay to the Lessor, as special interim rental for each Unit subject to this Lease for the period from and including December 29, 1970 to the Closing Date, an amount equal to the amount required to be deposited by the Lessor with the Fiscal Agent for the account of the Interim Purchaser (as defined in the Purchase Agreement) pursuant to Paragraph 2 of the Purchase Agreement. Such special interim rental payment shall be made on the Closing Date (which shall not be deemed a rental payment date for any other purpose of this Lease), and shall be deemed to be in satisfaction of the obligations of the Lessor under, and shall be applied in accordance with the terms of, Paragraph 2 of the Purchase Agreement; and the Lessor hereby agrees to direct the Fiscal Agent to so apply such special interim rental payment.

The Lessee shall also pay to the Lessor as additional rental (i) on each rental payment date under this Lease, such amounts, if any, in addition to the amounts payable on such dates as aforesaid, as will enable the Lessor to make all payments due on such date to the Trustee pursuant to subsections (3) and (4) of Section 4.04 of the Equipment Trust Agreement (without giving effect to any acceleration of the principal payments under the Equipment Trust Agreement due to an Event of Default [as defined in the Equipment Trust Agreement] not attributable to the Lessee) and (ii) on demand amounts equal to the amounts payable by the Lessor under subsections (1) and (2) of Section 4.04 of the Equipment Trust Agreement (other than such amounts as are required to be paid by the Lessor pursuant to Paragraph 7 of the Purchase Agreement).

All rental and other payments provided for in this Lease to be made to the Lessor shall be made to the Lessor in immediately available

funds in New York City by depositing such funds by 11:00 o'clock, a.m., New York City time, on the date due to the account of the Lessor at Bankers Trust Company, 16 Wall Street, New York, New York 10015 or at such other place as the Lessor shall specify in writing.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Trustee; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against Lessee's use of all or any of the Units, the interference with such use by any private person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease, or by reason of any failure by the Lessor to perform any of its obligations herein contained, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

Notwithstanding anything to the contrary contained herein, any and all sums paid by the Lessee pursuant to its guaranty set forth in the first paragraph of Section 6.01 of the Equipment Trust Agreement in respect of the obligations set forth in Sections 4.04(3) and (4) thereof not attributable to an Event of Default (as hereinafter defined) hereunder or to late payment shall be thereupon deemed to have been paid in reduction or satisfaction, to the extent thereof, of any rental payments then due and payable by the Lessee to the Lessor under this § 2.

§ 3. *Term of Lease.* The term of this Lease as to each Unit shall begin upon acceptance thereof by the Lessee pursuant to § 1 hereof and, subject to the provisions of §§ 1, 6, 9 and 17 hereof, shall terminate on the date on which the final semiannual payment of rent in respect thereof is due hereunder.

§ 4. *Identification Marks.* The Lessee will cause each Unit to be kept numbered with its identifying number as set forth in Annex A hereto and will, as promptly as possible, cause to be plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than three-eighths inch in height, with such markings as may be designated by the Lessor or the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor and the security title of the Trustee to such Unit and the rights of the Lessor under this Lease and the Equipment Trust Agreement and of the Trustee under the Equipment Trust Agreement. The Lessee will replace promptly any such markings if they are removed, defaced or destroyed so that such markings will at all times be kept and maintained on the Units. The Lessee will not change or permit the identifying number of any Unit to be changed except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Trustee and the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

Except as above provided the Lessee will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; *provided, however,* that the Lessee may cause the Units to be lettered with the names, initials or other insignia customarily used by the Lessee on railroad equipment used by it of the same or similar type for convenience of identification of its right to use the Units.

§ 5. *Taxes.* All payments to be made by the Lessee hereunder will be free of expense to the Lessor and the Trustee for collection or other charges and will be free of expense to the Lessor and the Trustee with respect to the amount of any local, state or federal taxes (other

than United Kingdom taxes or Federal income taxes payable by the Lessor in consequence of the receipt of payments provided herein, and other than the aggregate of all state or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which the Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license fees (and any charges, fines or penalties in connection therewith) hereafter levied or imposed upon or in connection with or measured by, this Lease, the Equipment Purchase Agreement, the Equipment Trust Agreement, or any of the instruments or agreements referred to herein or therein or contemplated hereby or thereby, or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, the Equipment Purchase Agreement, the Equipment Trust Agreement, or any such instruments or agreements, all of which expenses, taxes, assessments, license fees, charges, fines and penalties the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all taxes, assessments or license fees (and any charges, fines or penalties in connection therewith) which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its acquisition and/or ownership thereof or upon the Trustee solely by reason of the security title thereto and any and all taxes, assessments, license fees and government charges (and any charges, fines or penalties in connection therewith) upon or on account of the trust created by the Equipment Trust Agreement, or upon or on account of the Equipment Trust Agreement, the Trust Certificates, the Equipment Purchase Agreement or the transactions contemplated thereby (whether or not such transactions shall actually be consummated) or the instruments or agreements referred to therein or contemplated thereby, and will keep at all times all and every part of such Unit free and clear of all taxes and assessments which might in any way affect the title of the Lessor or the

security title of the Trustee or result in a lien or security interest upon any such Unit (other than a lien or security interest placed thereon by the Lessor) and will supply Lessor and the Trustee with a receipt or other evidence of such payment satisfactory to the Lessor and the Trustee; *provided, however*, that the Lessee shall be under no obligation to pay any taxes, assessments, license fees, charges, fines or penalties of any kind (hereinafter called "impositions") so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor or the Trustee, adversely affect the property or rights of the Lessor or the Trustee hereunder or under the Equipment Trust Agreement. If any impositions shall have been charged or levied against the Lessor or the Trustee directly and paid by the Lessor or the Trustee, the Lessee shall reimburse the Lessor or the Trustee, as the case may be, on presentation of invoice therefor; *provided, however*, that the Lessee shall not be obligated to reimburse the Lessor or the Trustee for any imposition so paid unless the Lessor or the Trustee shall have been legally liable with respect thereto, or unless the Lessee shall have approved the payment thereof.

In the event any reports with respect to impositions are required to be made on the basis of individual Units the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Trustee in such Units, if such is necessary or appropriate, or will notify the Lessor and the Trustee of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor and the Trustee.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this § 5, such liability shall continue, notwithstanding the termination of this Lease, until all such impositions are paid or reimbursed by the Lessee.

§ 6. *Payment for Casualty Occurrences.* In the event that any Unit shall be or become worn out, lost, stolen, destroyed or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, or until such

Unit shall have been returned to the Lessor in the manner provided in § 12 hereof, the Lessee shall, within 30 days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Trustee with respect thereto. On the rental payment date next succeeding such notice (or in the event such rental payment date shall occur within 15 days after such notice, on the following rental payment date) the Lessee shall pay to the Lessor an amount equal to the accrued rental for such Unit to the date of such payment plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of such rental payment date in accordance with the schedule set out below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Cost of such Unit (as defined in the Equipment Trust Agreement) as is set forth in the following schedule opposite the number of such rental payment date:

CASUALTY VALUE

<u>Rental Payment Date No.</u>	<u>Percentage</u>	<u>Rental Payment Date No.</u>	<u>Percentage</u>
1	105%	14	82%
2	104	15	80
3	103	16	75
4	102	17	70
5	100	18	65
6	98	19	60
7	96	20	55
8	94	21	50
9	92	22	45
10	90	23	40
11	88	24	35
12	86	25	25
13	84	26	15

Except as hereinabove in this § 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

§ 7. *Annual Reports.* On or before March 15 in each year, commencing with the year 1972, the Lessee will furnish to the Lessor and the Trustee, in such number of counterparts or copies as may reasonably be requested, an accurate statement signed by an authorized officer, (i) showing, as of the preceding December 31, the amount, description and numbers of the Units then leased hereunder and the amount, description and numbers of all Units that may have suffered a Casualty Occurrence, whether by accident or otherwise, during the preceding calendar year (or since the date of this Lease in the case of the first such statement), and such other information regarding the condition and state of repair of the Units as the Lessor or the Trustee may reasonably request, (ii) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the markings required by § 4 hereof have been preserved or replaced, and (iii) certifying that no default has occurred and is continuing under the Lease, or specifying all such defaults and the action being taken by the Lessee to remedy the same. The Lessor shall have the right, by its agents, but shall be under no obligation, to inspect the Units and the records of the Lessee with respect thereto at any reasonable time during the continuance of this Lease.

§ 8. *Disclaimer of Warranties; Compliance With Laws and Rules; Maintenance; Indemnification; and Insurance.* **The Lessor makes no warranty or representation, either express or implied, as to the design, compliance with specifications, or condition of, or as to the quality of the material, equipment or workmanship in, or as to the suitability, adequacy, operation, use or performance of, the Units delivered to the Lessee hereunder, and the Lessor makes no warranty of merchantability or fitness of the Units for any particular purpose or as to its title to the Units or any component thereof,**

it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee as their interests may appear, whatever claims and rights the Lessor may have against the manufacturer of the Units or of the components thereof. Lessor shall have no responsibility or liability to Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipatory profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee, the Lessor and the Trustee, that all Units described in a Certificate of Acceptance are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Trustee, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of the Interstate Commerce Commission, the Department of Transportation and any other legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operations or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and the Trustee and agrees to hold the Lessor and the Trustee harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessee, or the Lessee's employees, or any other person. In the event that such laws or rules require the altera-

tion of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees, at its own expense, to make such alterations, changes, additions and replacements and to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as such Unit is subject to this Lease; *provided, however*, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Trustee, adversely affect the property or rights of the Lessor or the Trustee hereunder or under the Equipment Trust Agreement.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such unit and, without cost or expense to the Lessor, there shall be immediately vested in the Lessor and the Trustee the same interest in such accessions as the interests of the Lessor and the Trustee in such Unit. The Lessee may make alterations or modifications in any unit so long as it does not affect the value of such unit adversely.

The Lessee agrees to indemnify and save harmless the Lessor and the Trustee against any charge or claim made against the Lessor or the Trustee and against any expense (other than any expense required to be paid by the Lessor pursuant to Paragraph 7 of the Purchase Agreement) loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor or the Trustee may incur in any manner (subject to the limitations contained in the third paragraph of § 2 hereof) by reason of the issuance or guaranty of the Trust Certificates or by reason of entering into or performing the Equipment Purchase Agreement, the Equipment Trust Agreement, this Lease, or the ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, purchase, use, operation, condition, delivery,

rejection, storage or return of, any Unit while subject to this Lease or until no longer in the possession of or stored by the Lessee, whichever is later, and to indemnify and save harmless the Lessor and the Trustee against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use condition, possession or storage of any Unit resulting in damage to property or injury or death to any person. The indemnities contained in this paragraph shall survive payment of all other obligations under this Lease or the termination of this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, the Lessor) any and all reports known by Lessee to be required to be filed by the Lessor, or reasonably requested by the Lessor to be filed, with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security title of the Trustee to the Units or the leasing of the Units to the Lessee.

The Lessee will at its own expense, cause to be carried and maintained insurance in respect of the Units at the time subject hereto in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it. The Lessee agrees to furnish to the Lessor on or before March 15 in each year commencing with the year 1972, a schedule describing such insurance and setting forth in reasonable detail the amounts thereof, the risk insured against and the identification of the insurance carriers.

§ 9. *Default.* If, during the continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

A. default shall be made in the payment of any part of the rental provided in § 2 hereof and such default shall continue for 15 days; or

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Units, or any thereof; or

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue (and the Lessee shall not make effective provisions for curing such default) for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied; or

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee and, unless such petition shall be dismissed, nullified, stayed or otherwise rendered ineffective (but then only as long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Equipment Trust Agreement and under its guaranty endorsed on the Trust Certificates shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

E. any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder or under the Equipment Trust Agreement) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Equipment Trust Agreement and under its guaranty endorsed on the Trust Certificates shall not

have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all right of the Lessee to the use of the Units shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have the right to recover from the Lessee on the effective date of termination, without further demand, (i) as liquidated damages for loss of the bargain and not as a penalty, the rent due on the rental payment date under this Lease next following the termination thereof by the Lessor (or, if any such rental payment date is on such termination date, then on such date) plus an amount equal to the aggregate Termination Value (as hereinafter defined) of all of the Units covered by this Lease (computed as of such rental payment date under this Lease) together with interest at the rate of $9\frac{3}{8}\%$ per annum on such amount from the effective date of termination to the date of

actual payment—the Termination Value of each Unit as of any rental payment date shall be that percentage of the Equipment Purchase Price of such Unit as is set forth in the schedule set out below opposite the number of such rental payment date:

<u>Rental Payment Date No.</u>	<u>Percentage</u>	<u>Rental Payment Date No.</u>	<u>Percentage</u>
1	100%	14	73%
2	99	15	71
3	98	16	65
4	97	17	60
5	94	18	54
6	92	19	49
7	90	20	43
8	88	21	37
9	85	22	31
10	83	23	26
11	81	24	21
12	78	25	11
13	76	26	0

and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor or the Trustee shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental. Notwithstanding anything to the contrary contained in this clause (b), it is understood and agreed that the Lessee shall receive a credit in respect of the amounts payable pursuant to sub-clause (i) of this clause (b) equal to any net proceeds received by the Lessor upon the sale or the re-leasing of the Units.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset

against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 10. *Return of Units Upon Default.* If this Lease shall terminate pursuant to § 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

A. forthwith place such Units upon such storage tracks of the Lessee as the Lessor may reasonably designate,

B. permit the Lessor to store such Units on such tracks at the risk of the Lessee until such Units have been sold, leased or otherwise disposed of by the Lessor, and

C. transport the same to any place on the tracks of the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 10, the Lessee hereby irrevocably

appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith the Lessee will supply the Lessor with such documents as the Lessor may reasonably request.

§ 11. *Assignment; Possession and Use.* This Lease and the rentals and other sums due hereunder shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including but not limited to the rights under §§ 5, 8, 9 and 16 hereof) shall inure to the benefit of the Lessor's assigns (and to any corporation, trust [including any beneficiary or trustee thereof] or other person for which the Lessor is acting as nominee).

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to possession of the Units and to the use thereof by it upon its lines of railroad or upon lines of railroad over which the Lessee has trackage or other operating rights or over which railroad equipment of the Lessee is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

The Lessor shall have the right to declare the lease provided for herein terminated in case of any unauthorized assignment or transfer of the Lessee's rights hereunder or in case of any unauthorized transfer or sublease of any of the Units.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance prior to or *pari passu* with the security title of the Trustee

or the title of the Lessor (other than an encumbrance resulting from claims against the Lessor or the Trustee not related to the ownership or leasing of, or the security title of the Trustee to, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor, the Trustee or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 11.

Nothing in this § 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States or the District of Columbia and engaged in the transportation of persons or property in interstate commerce immediately after such assignment or transfer (which shall have duly assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

The Lessee agrees that during the term of this Lease (i) it will not assign any Unit to service involving the regular operation and maintenance thereof outside the United States of America and (ii) any use of any Unit outside the United States of America will be limited to incidental and temporary use in Mexico and Canada.

§ 12. *Return of Units Upon Termination of Term.* As soon as practicable on or after the termination (whether pursuant to § 6 hereof or otherwise) of the term of this Lease, the Lessee will (unless the Units are lost, stolen or completely destroyed within the meaning of § 6 hereof), at its own cost and expense, at the request of the Lessor, deliver possession of such Units to the Lessor upon such storage tracks of the Lessee as the Lessor may designate and permit the Lessor to store such Units on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the tracks of the Lessee or to any connecting carrier for shipment, all as directed by the Lessor; the storage and one

movement of the Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Units, to inspect the same; *provided, however*, that the Lessee shall not be liable except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to Lessor pursuant to this Section (other than a Unit which has suffered a Casualty Occurrence) shall be in the same operating order, repair and condition as when originally delivered to Lessee, reasonable wear and tear excepted. If the Lessor shall elect to abandon any Unit which has suffered a Casualty Occurrence or which after the expiration of this Lease with respect to such Unit the Lessor shall have deemed to have suffered a Casualty Occurrence, it may deliver written notice to such effect to the Lessee and the Lessee shall thereupon assume, and hold the Lessor harmless from, all liability arising in respect of any responsibility of ownership thereof, from and after receipt of such notice.

§ 13. *Opinion of Counsel.* On the Closing Date set forth in the Purchase Agreement (as defined in the Equipment Trust Agreement), the Lessee will deliver to the Lessor and the Trustee the written opinion of counsel for the Lessee, in such number of counterparts as may reasonably be requested, and addressed to the Lessor and the Trustee, in scope and substance satisfactory to them and their counsel, to the effect that:

A. the Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Illinois, with full corporate power to enter into this Lease, the Equipment

Trust Agreement and its guaranty endorsed on the Trust Certificates, the Equipment Purchase Agreement and the Amendment (as defined in the Equipment Trust Agreement);

B. this Lease, the Equipment Trust Agreement and its guaranty endorsed on the Trust Certificates, the Equipment Purchase Agreement and the Amendment have been duly authorized, executed and delivered by the Lessee and constitute valid, legal and binding agreements, enforceable in accordance with their terms;

C. this Lease and the Amendment have been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, and, together with the Equipment Trust Agreement, will protect the Lessor's title and interest in and to the Units and the Trustee's security title and interest in and to the Units, and no filing, recording or deposit (or giving of notice) with any other Federal, state or local government or agency or instrumentality thereof is necessary to protect the title and interest of the Lessor or the security title and interest of the Trustee in and to the Units in the United States of America;

D. no authorization or approval from any governmental, public or quasi-public body or authority of the United States of America, or of any of the States thereof or of any department or subdivision of any thereof (except such as have been obtained), is necessary with respect to the entering into or performance of this Lease, the Equipment Trust Agreement, its guaranty endorsed on the Trust Certificates, the Equipment Purchase Agreement or the Amendment;

E. the entering into and performance of this Lease, the Equipment Trust Agreement, its guaranty endorsed on the Trust Certificates, the Equipment Purchase Agreement and the Amendment will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound or contravene any provision of law, statute, rule or regulation to which the Lessee is subject or any judgment, decree, franchise, order or permit applicable to the Lessee; and

F. no mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interest therein of the Lessee, now attaches or hereafter will attach to the Units or in any manner affects or will affect adversely the Lessor's right, title and interest therein; *provided, however,* that such liens may attach to the rights of the Lessee hereunder in and to the Units.

The Lessee also agrees to furnish to the Lessor and the Trustee such evidence of corporate authorizations as may reasonably be requested by the Lessor.

§ 14. *Recording.* Prior to the delivery and acceptance of any Unit, the Lessee will without expense to the Lessor cause this Lease and any assignments hereof and the Amendment to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, recording and redepositing required of the Lessor under Section 6.03 of the Equipment Trust Agreement and will from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Trustee, for the purpose of proper protection, to the satisfaction of the Lessor and the Trustee, of the Lessor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease and any assignments thereof, or the Equipment Trust Agreement.

§ 15. *Interest on Overdue Rentals.* Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to $9\frac{3}{8}\%$ per annum of the overdue rentals for the period of time during which they are overdue.

§ 16. *Income Taxes.* The Lessor, as the owner of the Units, shall be entitled to claim such deductions, credits (other than the "invest-

ment credit" provided by Section 38 of the Internal Revenue Code of 1954 of the United States, as amended), allowances and other benefits as are provided by any provision of law, statute, rule or regulation of any applicable jurisdiction to an owner of property, including (without limitation) (i) the Internal Revenue Code of 1954 of the United States of America, as amended, and (ii) the Capital Allowances Act of 1968 of the United Kingdom, as amended, and any other United Kingdom statutes governing income tax or corporation tax; and the Lessee shall make no claim for any such deductions, credits, allowances or other benefits.

§ 17. *Termination.* In the event that all of the Units shall have been excluded from this Lease as provided in § 1 hereof, this Lease shall terminate and, except as otherwise expressly provided in this Lease, the rights and obligations hereunder of the parties hereto shall cease and determine as if this Lease had never been made.

§ 18. *Notices.* Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States registered mails, first-class postage prepaid, addressed as follows:

If to the Lessor, c/o Salomon Brothers, One New York Plaza, New York, New York 10004, attention of Layton F. Smith (with a copy thereof to Bankers Trust Company at 16 Wall Street, New York, New York 10015, attention of Thomas J. Moskie, Assistant Secretary);

If to the Lessee, 135 East Eleventh Place, Chicago, Illinois 60605, *attention of the President*;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 19. *Definitions.* If this Lease is assigned to the Trustee (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall apply and refer to the Trustee or any agent of the Trustee (and any successors thereto) unless the context shall otherwise require; and the fact that the Trustee and/or any agent

of the Trustee are specifically named in certain provisions shall not be construed as to mean that the Trustee and/or any agent of the Trustee (and any successors thereto) are not entitled to the benefits of other provisions where only the Lessor is named or where only the Trustee or the Fiscal Agent, as the case may be, is named.

§ 20. *Severability.* Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

§ 21. *Execution.* Although this Lease is dated as of December 15, 1970, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 22. *Net Payment.* In the event that the Lessee is required to make any payment under § 5, § 8 or clause (ii) of paragraph (b) of the first paragraph of § 9 of this Lease, the Lessee shall pay the person indemnified an amount which, after deduction of all taxes required to be paid by said person in respect of the receipt thereof under the laws of the United Kingdom or of the United States or of any state or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against and of any other such taxes), shall be equal to the amount of such payment.

§ 23. *Law Governing.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New

York; *provided, however*, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

§ 24. *Payments of Lessor Under Equipment Trust Agreement.* In the event that the Lessor shall become obligated to make any payment or discharge any obligation or take any action pursuant to the Equipment Trust Agreement and/or the Assignment (as defined in the Equipment Trust Agreement) not covered by the provisions of this Lease (other than payment of the fees and expenses required to be paid by the Lessor pursuant to Paragraph 7 of the Purchase Agreement) Lessee shall pay such additional amounts to the Trustee or take such additional action as will enable the Lessor to fulfill completely its obligations pursuant to the Equipment Trust Agreement and the Assignment subject to the limitations contained in the third paragraph of § 2 hereof. The execution by the Lessee of the Amendment shall be deemed to constitute a confirmation and approval by the Lessee of all the terms and conditions of the Equipment Trust Agreement and of the instruments and agreements referred to therein.

§ 25. *No Recourse.* No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of the Lessor or the Lessee, or against any principal or principals (disclosed or undisclosed) of the Lessor or assignee or assignees or transferee or transferees of the Lessor if the Lessor is acting in an agency or nominee capacity, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, assignees, transferees or principals being forever released as a condition of and as consideration for the execution of this Lease.

ANNEX A

The Equipment shall consist of locomotives classified as general purpose road locomotives of 1,600 and 1,850 horsepower, rebuilt during the period September 1967 through December 1969 to new class specifications with a projected 15 year life as follows:

Road Number	Horsepower	Date First Put In Service as Rebuilt		Equipment Purchase Price
		Month	Year	
7960	1600	9	1967	\$ 142,342
7961	1600	3	1968	166,304
7966	1600	9	1968	159,374
7964	1600	10	1968	159,533
7971	1600	11	1968	164,114
7981	1600	12	1968	184,504
7957	1600	2	1969	172,212
7968	1600	4	1969	200,805
7969	1600	5	1969	191,020
7974	1600	7	1969	187,974
7972	1600	9	1969	194,305
7976	1600	10	1969	191,927
7950	1600	11	1969	183,474
7851	1600	12	1969	198,043
7979	1600	12	1969	197,396
15 Total Units				2,693,327
8052	1850	10	1967	173,389
8038	1850	11	1967	152,414
8082	1850	12	1967	176,806
8025	1850	1	1968	169,891
8009	1850	4	1968	160,803
8072	1850	4	1968	158,543
8004	1850	7	1968	171,558
8031	1850	3	1969	200,308
8083	1850	3	1969	198,538
8030	1850	5	1969	206,094
8069	1850	5	1969	188,527
8060	1850	6	1969	190,312
8096	1850	6	1969	192,279
8073	1850	7	1969	198,353
8001	1850	8	1969	204,468
8064	1850	8	1969	194,117
8066	1850	8	1969	196,247
8084	1850	8	1969	197,832
8113	1850	9	1969	195,446
8022	1850	10	1969	191,769
8014	1850	11	1969	194,610
8036	1850	11	1969	200,304
8070	1850	11	1969	194,065
23 Total Units				4,306,673
38 Grand Total				\$7,000,000

ANNEX C

COLLATERAL ASSIGNMENT OF LEASE AND AGREEMENT

dated as of December 15, 1970, by and between PETEROCK CORPORATION, a New York corporation (hereinafter called the Company), and IRVING TRUST COMPANY, as Trustee (hereinafter called the Trustee), under an Equipment Trust Agreement dated as of December 15, 1970 (hereinafter, as amended by an Amendment Agreement dated as of April 15, 1971, called the Equipment Trust Agreement), between the Trustee, the Company and BANKERS TRUST COMPANY, as fiscal agent for the Trustee (hereinafter called the Fiscal Agent).

WHEREAS the Company, as Lessor, and Illinois Central Railroad Company, as Lessee (hereinafter called the Lessee), have entered into a Lease (as defined in the Equipment Trust Agreement), providing for the leasing by the Company to the Lessee of the Units (as defined in the Lease); and

WHEREAS, in order to provide security for the obligations of the Company under the Equipment Trust Agreement and as an inducement to the purchasers of the equipment trust certificates to be issued under the Equipment Trust Agreement to purchase said certificates, the Company has agreed to assign for security purposes its rights in, to and under the Lease to the Trustee;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. As security for the payment and performance of its obligations under the Equipment Trust Agreement, the Company hereby assigns, transfers, and sets over unto the Trustee all the Company's right, title and interest as Lessor under the Lease, together with all rights, powers, privileges, and other benefits of the Company as Lessor under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Company from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such moneys being hereinafter called the Pay-

ments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Company, as Lessor, is or may become entitled to do under the Lease.

The Company agrees to cause all the Payments to be made directly to the Fiscal Agent, for the account of the Trustee, at 16 Wall Street, New York, New York 10015, attention of Thomas J. Moskie, Assistant Secretary. The Fiscal Agent will accept all Payments and all payments pursuant to this Assignment and will apply the same as follows: *first*, to or toward the payment of all amounts then due and payable under the Equipment Trust Agreement and the Fiscal Agent shall credit such Payments and such payments pursuant to this Assignment so applied to the amounts then due and payable by the Company under the Equipment Trust Agreement; and *second*, so long as, to the actual knowledge of the Fiscal Agent, no Event of Default (as defined in the Equipment Trust Agreement) shall have occurred and then be continuing, any balance of such Payments and such payments pursuant to this Assignment remaining shall be paid over to the Company by the Fiscal Agent. So long as, to the actual knowledge of the Fiscal Agent, an Event of Default shall then be continuing, the Fiscal Agent shall not pay over any of the Payments or such payments pursuant to this Assignment, but, during such continuance, shall apply all Payments and all such payments pursuant to this Assignment as the Trustee shall direct in a manner consistent with the provisions of the Equipment Trust Agreement. Anything in this Assignment to the contrary notwithstanding, no amounts shall be considered to be due and payable by the Company under the Equipment Trust Agreement in the event that such amounts shall have been paid by the Lessee pursuant to the Lease, the Equipment Trust Agreement and/or this Assignment.

2. The assignment made hereby is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Trustee to, or transfer, or pass, or in any way affect or modify any liability of the Company under the Lease, it being understood and

agreed that notwithstanding such assignment or any subsequent assignment all obligations of the Company to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Company or persons other than the Trustee and the Fiscal Agent .

3. To protect the security afforded by this Assignment the Company agrees as follows:

(a) Faithfully to abide by, perform and discharge each and every obligation, covenant and agreement of the Lease by the Company to be performed; at the sole cost and expense of the Company (except as otherwise provided herein or by any of the instruments or agreements referred to herein or in the Equipment Trust Agreement), to enforce or secure the performance of each and every obligation, covenant, condition and agreement contained in the Lease by the Lessee to be performed; without the written consent of the Trustee not to anticipate the rents under the Lease or to waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein; to hold any Payments received by the Company which are assigned and set over to the Trustee by this Assignment in trust for the Trustee and to turn them over to the Fiscal Agent for the account of the Trustee forthwith in the same form in which they are received for application in accordance with the terms and conditions hereof.

(b) At the Company's sole cost and expense (except as otherwise provided herein or by any of the instruments or agreements referred to herein or in the Equipment Trust Agreement), to (i) appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the Lease or the obligations, duties or liabilities of the Company and the Lessee thereunder and (ii) pay all costs and expenses of the Trustee and the Fiscal Agent, including attorneys' fees in a reasonable sum,

in any action or proceeding pertaining thereto in which the Trustee or the Fiscal Agent may appear.

(c) That should the Company fail to make any payment or to do any act as herein provided, then the Trustee, but without obligation so to do and without notice to or demand on the Company and without releasing the Company from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Company contained in the Lease; and in exercising any such powers to pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees.

(d) To pay immediately upon demand, all sums expended by the Trustee or the Fiscal Agent under the authority hereof, together with interest thereon at the rate of 8% per annum.

4. The Company does hereby constitute the Trustee the Company's true and lawful attorney, irrevocably, with full power (in the name of the Company, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Company is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Trustee may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Company's obligations under the Equipment Trust Agreement the assignment made hereby and all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease and the Payments shall revert to the Company.

6. The Company represents and warrants that (a) the execution and delivery by the Company of the Lease, this Assignment and the Equipment Trust Agreement have each been duly authorized, and the Lease, this Assignment and the Equipment Trust Agreement are and will remain the valid and binding obligations of the Company in accordance with their terms; (b) the Company has not executed any other assignment of the Lease (except assignments made expressly subject hereto in the manner permitted by Paragraph 14 hereof and § 11 of the Lease) and the Trustee's right to receive all payments under the Lease is and will continue to be free and clear of any and all liens, agreements, security interests or other encumbrances prior to or *pari passu* with the interests of the Trustee, (c) notwithstanding this Assignment, the Company will conform and comply with each and all of the covenants and conditions in the Lease and the Equipment Trust Agreement set forth to be complied with by it, (d) to the knowledge of the Company, it has performed all obligations on its part to be performed under the Lease and the Equipment Trust Agreement on or prior to the date hereof and (e) the Lease and the Equipment Trust Agreement are in full force and effect and have not been canceled and to the knowledge of the Company there has not occurred on or prior to the date hereof any Event of Default (as that term is defined in the Lease and the Equipment Trust Agreement) or any event which with notice and/or lapse of time would constitute such an Event of Default.

If an Event of Default (as defined in the Equipment Trust Agreement) shall occur and be continuing, the Trustee shall be entitled (i) to exercise all the rights, privileges and remedies available to the Lessor under the Lease and to the Trustee under the Equipment Trust Agreement and (ii) to do any acts which the Trustee deems proper to protect the security hereof, either with or without taking possession of the Units. The taking possession of the Units and the taking of any action permitted as aforesaid shall not cure or waive any default or waive, modify or affect any default hereunder or under the Lease or the Equipment Trust Agreement, or invalidate any act done hereunder.

7. The Company covenants and agrees with the Trustee that in any suit, proceeding or action brought by the Trustee under the Lease

for any instalment of, or interest on, any rental or other sum owing thereunder, or to enforce any provisions of the Lease, the Company will save, indemnify and keep the Trustee harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Lessee or its successors, arising out of a breach by the Company of any obligation under the Lease or arising out of any other indebtedness or liability at any time owing to the Lessee or its successors from the Company. Any and all such obligations of the Company shall be and remain enforceable against and only against the Company and shall not be enforceable against the Trustee or any party or parties in whom any of the rights of the Company under the Lease shall vest by reason of the successive assignments or transfers.

8. The Company will from time to time execute all such financing statements and supplemental instruments and documents as the Trustee may from time to time reasonably request in order to confirm or further assure the assignment made hereby and the provisions hereof.

9. The Trustee may assign to any successor trustee appointed pursuant to Section 8.06 of the Equipment Trust Agreement all or any of its rights under the Lease, including the right to receive any payments due or to become due to it from the Lessee thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Trustee hereunder.

10. The Company agrees that it will not, without the prior written consent of the Trustee, enter into any agreement amending, modifying or terminating the Lease and that any amendment, modification or termination thereof without such consent shall be void.

11. This Assignment shall be governed by the laws of the State of New York; *provided, however*, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, such additional rights arising out of the filing, recording or depositing hereof

and of any assignment hereof or out of the markings on the Units as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

12. The Company shall cause copies of all notices received in connection with the Lease to be promptly delivered to the Trustee at One Wall Street, New York, New York 10015, attention of Corporate Trust Department, or at such other address as the Trustee shall designate, and to the Fiscal Agent at 16 Wall Street, New York, New York 10015, attention of Thomas J. Moskie, Assistant Secretary, or at such other address as the Fiscal Agent shall designate.

13. The Company, at the Lessee's expense, will promptly cause this Assignment to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act.

14. The Company may assign and/or transfer any or all of its rights under this Assignment and/or any or all of its rights to the Lease and any or all of the Payments; *provided, however*, any such assignment or transfer must be subject to the rights and remedies of the Trustee hereunder. Any such assignment or transfer may be made by the Company without the assignee or transferee assuming any of the obligations of the Company hereunder. The Company and the Trustee acknowledge that such assignment or transfer is contemplated and/or has been effected. All the rights of the Company hereunder shall inure to the benefit of the Company's assigns (and to any corporation, trust [including any beneficiary or trustee thereof] or other person for which the Company is acting as nominee).

15. No recourse shall be had in respect of any obligation due under this Assignment, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of the Company, or against any principal or principals (disclosed or undisclosed) of the Company or assignee or assignees or transferee or transferees of the Company if the Company is acting in an agency or nominee

capacity, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, assignees, transferees or principals being forever released as a condition of and as consideration for the execution of this Assignment.

16. Any provision of this Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Company hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

EQUIPMENT PURCHASE AGREEMENT

Dated as of December 15, 1970

between

PETEROCK CORPORATION

and

ILLINOIS CENTRAL RAILROAD COMPANY

EQUIPMENT PURCHASE AGREEMENT dated as of December 15, 1970, between ILLINOIS CENTRAL RAILROAD COMPANY, an Illinois corporation (hereinafter called the Seller), and PETEROCK CORPORATION, a New York corporation (hereinafter called the Company).

WHEREAS the Seller has agreed to sell and deliver to the Company, and the Company has agreed to purchase, the railroad equipment described in Annex A hereto (hereinafter called the Equipment); and

WHEREAS the Company and the Seller are entering into a Lease of Equipment dated as of the date hereof (hereinafter called the Lease), leasing the Equipment to the Seller, subject to the Equipment Trust Agreement (as hereinafter defined), which Lease will be filed with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

1. *Delivery and Sale.* The Seller will deliver the Equipment to an authorized representative of the Company, as hereinafter provided, and the Company will accept delivery of and pay for the Equipment as hereinafter provided. The Seller represents and warrants that each unit of the Equipment shall be standard gauge railroad equipment and that Annex A contains a true and correct description thereof.

The Seller will deliver the various units of the Equipment to the Company at Chicago, Illinois, or at such other point or points within the United States of America as shall be agreed to by the Company and the Seller. Each unit of the Equipment shall be delivered at such point or points to an authorized representative of the Company (who may be an employee of the Seller) and, if such authorized representative finds that such unit complies with the terms of this Agreement, he shall execute and deliver to the Seller a certificate of acceptance (hereinafter called a Certificate of Acceptance) stating that such unit has been accepted by him on behalf of the Company. Each such Certificate

of Acceptance shall be conclusive evidence that the unit of Equipment covered thereby has been delivered to the Company and is acceptable to the Company; *provided, however*, that the Seller shall not thereby be relieved of its warranties contained in Article 3 hereof.

Following delivery of all the Equipment to an authorized representative of the Company and the delivery of the Certificates of Acceptance with respect to all the units of the Equipment, the Seller shall deliver to the Company a Bill of Sale transferring title to all the units of the Equipment to the Company and warranting that at the time of delivery of such units to the Company, the Seller had legal title to such units and good and lawful right to sell the same and that title to such units transferred to the Company by such Bill of Sale was, at the time of delivery of such units to the Company, free of all claims, liens, security interests and encumbrances of any nature. Each such Bill of Sale shall contain the following information with respect to each unit of the Equipment: quantity, description, the Seller's identifying numbers and place of delivery.

2. *Purchase Price and Payment.* The price per unit of the Equipment is set forth in Annex A hereto (hereinafter called the Equipment Purchase Price). The Equipment shall be settled for on the Closing Date. The term "Closing Date" shall have the meaning provided therefor in the Interim Purchase Agreement (as defined in the Equipment Trust Agreement hereinafter referred to). The Seller shall, on the Closing Date, present to the Company an invoice and Bill of Sale for the Equipment. The Seller represents and warrants that (i) the Equipment Purchase Price of each unit does not exceed the fair market value thereof, (ii) each unit of the Equipment was rebuilt on or after the date set forth opposite such unit in Annex A hereto and (iii) at the time each unit of the Equipment was rebuilt, such unit conformed to specifications for, and had the same useful life as, new railroad equipment of similar character.

The parties hereto contemplate that the Company will enter into an equipment trust agreement to be dated as of the date hereof (hereinafter called the Equipment Trust Agreement) pursuant to which the Company will be paid on the Closing Date an amount equal to 80%

of the Equipment Purchase Price of all the Equipment. It is agreed that the obligation of the Company to pay the Equipment Purchase Price to the Seller on the Closing Date is specifically subject to the conditions set forth in Sections 3.02, 3.03 and 3.04 of the Equipment Trust Agreement and to the following further conditions:

(a) the Trustee (hereinafter called the Trustee) under the Equipment Trust Agreement shall pay to the Company the amounts contemplated to be paid by it as provided in the first sentence of this paragraph;

(b) no event of default of the Seller herein or under the Lease, or any event, which with lapse of time and/or notice provided for herein or in the Lease would constitute such an event of default, shall have occurred and be continuing; and

(c) the Company shall have received, in such number of counterparts as may be reasonably requested, an opinion of counsel for the Seller to the effect that the Bill of Sale referred to in the last paragraph of Article 1 of this Agreement is valid and effective, either alone or in connection with any other instrument referred to in and accompanying such opinion, to vest in the Company title to the Equipment as contemplated herein free from all claims, liens, security interests and encumbrances of any nature (except as created by the Equipment Trust Agreement, the Assignment [as defined in the Equipment Trust Agreement] and the Lease or as permitted by Section 6.02 of the Equipment Trust Agreement).

Subject to the foregoing, the Company shall pay, or cause to be paid to, the Seller the Equipment Purchase Price on the Closing Date.

Notwithstanding any other provisions of this Agreement, any Equipment not delivered and accepted and settled for hereunder on the Closing Date shall be excluded from this Agreement and not included in the term "Equipment" as used in this Agreement. In the event of any such exclusion, the Company's obligation to purchase and to pay the Equipment Purchase Price for such excluded Equipment shall terminate.

The Seller hereby represents and warrants to the Company, its successors and assigns, that (i) this Agreement was duly authorized by it and lawfully executed and delivered by it for a valid consideration and (assuming valid authorization, execution and delivery by the Company) this Agreement is, in so far as the Seller is concerned, a valid and existing Agreement binding upon the Seller in accordance with its terms and is now in force; and (ii) no approval is required from any regulatory body with respect to the entering into or performance by the Seller of this Agreement.

3. *Seller's Warranty.* The Seller warrants to the Company that the units of the Equipment will be free from defects in material or workmanship or design under normal use and service. **This warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantability or fitness for a particular purpose.**

The warranties and indemnities of the Seller contained in this Article 3 and in any other Articles hereof and all other covenants and obligations of the Seller contained in this Agreement shall inure to the benefit of, and be enforceable by, any lessee, assignee or transferee of this Agreement or of any units of the Equipment sold by the Seller hereunder.

The Seller further agrees with the Company that neither any examination, nor the acceptance of any units of the Equipment by the Company under Article 1 hereof, shall be deemed a waiver by the Company of any of its rights under this Article 3.

4. *Patent Indemnities.* The Seller agrees to indemnify, protect and hold harmless the Company from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Company because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, article or material infringing or claimed to infringe on any patent or other right.

5. *Notices.* Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

(a) If to the Company, in care of Salomon Brothers, One New York Plaza, New York, New York 10004, *attention of* Layton F. Smith (with a copy thereof to Bankers Trust Company at 16 Wall Street, New York, New York 10015, *attention of* Thomas J. Moskie, Assistant Secretary);

(b) If to the Seller, 135 East Eleventh Place, Chicago, Illinois 60605, *attention of* the President;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

6. *Immunities.* No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of the Company or the Seller, or against any principal or principals (disclosed or undisclosed) of the Company or assignee or assignees or transferee or transferees of the Company if the Company is acting in an agency or nominee capacity, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, assignees, transferees or principals being forever released as a condition of and as consideration for the execution of this Agreement.

7. *Effect and Modification of Agreement.* This Agreement and Annex A hereto exclusively and completely state the rights and agreements of the Seller and the Company with respect to the sale of and payment for the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid

unless in writing and duly executed on behalf of the Seller and the Company.

8. *Law Governing.* This Agreement shall be construed in accordance with the laws of the State of New York.

9. *Assignments.* The Company may assign and/or transfer any or all of its rights under this Agreement and/or any or all of its rights to possession (subject to the rights of the Seller to the possession and use of the Equipment as lessee pursuant to the Lease so long as the Seller shall not be in default thereunder) of any of the Equipment. Any such assignment or transfer may be made by the Company without the assignee or transferee assuming any of the obligations of the Company hereunder. The Company and the Seller acknowledge that such assignment or transfer is contemplated. All of the rights of the Company hereunder shall inure to the benefit of the Company's assigns (and to any corporation, trust [including any beneficiary or trustee thereof] or other person for which the Company is acting as nominee).

ANNEX A

The Equipment shall consist of locomotives classified as general purpose road locomotives of 1,600 and 1,850 horsepower, rebuilt during the period September 1967 through December 1969 to new class specifications with a projected 15 year life as follows:

Road Number	Horsepower	Date First Put In Service as Rebuilt		Equipment Purchase Price
		Month	Year	
7960	1600	9	1967	\$ 142,342
7961	1600	3	1968	166,304
7966	1600	9	1968	159,374
7964	1600	10	1968	159,533
7971	1600	11	1968	164,114
7981	1600	12	1968	184,504
7957	1600	2	1969	172,212
7968	1600	4	1969	200,805
7969	1600	5	1969	191,020
7974	1600	7	1969	187,974
7972	1600	9	1969	194,305
7976	1600	10	1969	191,927
7950	1600	11	1969	183,474
7851	1600	12	1969	198,043
7979	1600	12	1969	197,396
15 Total Units				2,693,327
8052	1850	10	1967	173,389
8038	1850	11	1967	152,414
8082	1850	12	1967	176,806
8025	1850	1	1968	169,891
8009	1850	4	1968	160,803
8072	1850	4	1968	158,543
8004	1850	7	1968	171,558
8031	1850	3	1969	200,308
8083	1850	3	1969	198,538
8030	1850	5	1969	206,094
8069	1850	5	1969	188,527
8060	1850	6	1969	190,312
8096	1850	6	1969	192,279
8073	1850	7	1969	198,353
8001	1850	8	1969	204,468
8064	1850	8	1969	194,117
8066	1850	8	1969	196,247
8084	1850	8	1969	197,832
8113	1850	9	1969	195,446
8022	1850	10	1969	191,769
8014	1850	11	1969	194,610
8036	1850	11	1969	200,304
8070	1850	11	1969	194,065
23 Total Units				4,306,673
38 Grand Total				\$7,000,000